



E. KORBASH

The Economic "Theories" of Maoism

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The Economic Theories of Maoism

Э. Корбан

ЭКОНОМИЧЕСКИЕ «ТЕОРИИ» МАОИЗМА

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PREFACE

If geometrical axioms affected human interests, men would probably seek to refute them. One is reminded of this well-known saying, cited by Lenin in his *Marxism and Revisionism*, when analysing the Maoist system of theoretical postulates. While claiming to have made a creative application of Marxism-Leninism to Chinese conditions, Maoism has in fact revised the ideas and principles of scientific communism.

A leading Chinese newspaper wrote: "Marxism has now reached an entirely new stage. In the early 20th century it reached the stage of Leninism, whereas in the present epoch it has reached the stage of Mao Tse-tung thought."¹ An editorial in a leading journal, entitled "Long Live the Proletarian Cultural Revolution!", declares Mao's thought to be the "summit of the Marxism-Leninism of our epoch, its supreme and most vibrant embodiment".² Mao Tse-tung thought rules the political, ideological and economic life of present-day China. Economic science has also quite naturally been channelled into a Maoist groove. There was need to provide some theoretical backing for the Chinese leadership's abrupt turn in 1958 from scientifically grounded and balanced advance in building a socialist economy to untenable subjectivist schemes for building communism in a "short historical period". Such backing could only be provided by

¹ *Jenmin jihpao*, May 24, 1967.

² *Hung chi* No. 8, 1966.

revising the major propositions of Marxist-Leninist economic science. Hence the emergence of new economic "theories", declared to be "contributions" to Marxism-Leninism, whose authors tried to justify the defective Maoist practices by making essential departures from the principles of Marxism-Leninism. This has gradually produced a whole system of views revising fundamental Marxist-Leninist principles or dismissing them altogether.

Of course, the system of views that determines the Chinese leadership's present economic policy did not emerge all at once but was the outcome of a fairly long period of historical development. For a long time, there were alarming signs of petty-bourgeois revolutionism, nationalism and hegemonism—the basis of the Chinese leadership's present platform—but over the recent period these have acquired increasingly dangerous forms and dimensions, finally assuming an openly nationalistic, petty-bourgeois and extremist line.

The emergence of this line is to some extent due to a number of objective circumstances, but subjective factors have also had a fairly important role to play in the Chinese leaders' taking the road of petty-bourgeois adventurism and Great-Power chauvinism.

The point is that petty-bourgeois pressures on the Communist Party are very strong in China, where the peasants and other petty-bourgeois sections make up most of the population, while the working class amounts to less than three per cent of the total. In these conditions, the present leading core of the CPC has been unable to counter the petty-bourgeois pressures with any genuine proletarian line, has succumbed to a false spirit of revolutionism, and has proved incapable of consistent and well-devised revolutionary effort, based on Marxist principles and taking due account of the real difficulties of socialist construction. Far from waging a sustained and resolute struggle against petty-bourgeois attitudes and elements penetrating into the Party, it in fact sought to justify and encourage the development of petty-bourgeois tendencies within the Party, helping them to gain ground. As a result, petty-bourgeois ideology has now come to prevail over Marxism-Leninism in the views of the Maoist leadership, becoming the basis of its economic policy and methods of activity.

The prevailing petty-bourgeois element in Chinese society provided a favourable social medium for the wide spread within the CPC of feelings of national egoism and national narrow-mindedness. The nationalist tendencies, beyond any doubt, also have their root in China's historical past, notably, the long years of China's domination by foreign imperialists and their policy of national oppression in respect of the Chinese people. But the main reason for the emergence of an openly nationalistic platform is that the Chinese leadership has itself been (first covertly and then openly) a vehicle and mouthpiece of the ideas of petty-bourgeois nationalism and Great-Power chauvinism.

Besides, the development and wide spread of various dogmatic and revisionist views were also due to the low educational level of the Chinese masses, the inadequate ideological and theoretical training of the Party and scientific cadres and, most importantly, the atmosphere of Mao's idolisation.

As a result, the truly scientific Marxist-Leninist theory was supplanted by a system of views deeply hostile to Marxism-Leninism and covered up with "Leftist" ultra-revolutionary talk.

Without being a coherent theory, this system is largely eclectic and pragmatic, comprising elements of the most diverse doctrines (like Confucianism, Marxism, utopian socialism, idealism, populism, anarchism and Trotskyism). Hence the attempt to turn the subjective factor, politics and ideas into an absolute, to whip up socio-economic development and execute leaps and bounds, to exaggerate the potentialities of the peasantry and small-scale production, and to extol primitive universal egalitarianism and closed, subsistence-level and self-sufficient complexes. The Chinese leaders still hold on to most of the economic concepts that took shape back in the "great leap forward" period or in the early years of the "ordering", although things have now changed considerably.

On the whole, Maoist theoretical concepts are a vulgarisation and revision of Marxism-Leninism from the angle of petty-bourgeois nationalism and adventurism. These concepts are based on "Mao Tse-tung thought" rather than a scientific analysis of the objective phenomena and regu-

larities of socialist construction. The extent to which one's world outlook has been remoulded is now judged in China on the strength of one's loyalty to Chairman Mao's ideas, his line and his personality. A report to the 9th National Congress of the CPC in April 1969 said in so many words that "the Party will denounce and the whole country will punish anyone who dares to come out against Chairman Mao Tse-tung, against Mao Tse-tung thought, no matter when or under what circumstances he does so".¹ This state of affairs leaves no room for critical thinking, and all Chinese "economic research" is chiefly intended to "generalise" and find a rationale for the subjectivist and voluntarist policy of China's present leaders.

¹ *Jenmin jihpao*, April 28, 1969.

CONCERNING THE CONFORMITY OF THE RELATIONS OF PRODUCTION TO THE PRODUCTIVE FORCES

That the productive forces have the determining role to play in the advance of every socio-economic formation is a basic Marxist proposition. It is the productive forces that determine the nature of the relations of production, although the latter, for their part, exert a great influence on the productive forces. In the Preface to *A Critique of Political Economy*, Karl Marx pointed out that no social formation ever disappears before all the productive forces, for which there is room, have been developed, and new, higher relations of production never appear before the material conditions for their existence have matured. Therefore, he wrote, mankind always tackles only the problems it can solve, since a closer look always shows that the problem itself arises only when the material conditions necessary for its solution already exist or are, at least, in the process of formation. Lenin wrote that "no revolt can bring about socialism unless the economic conditions for socialism are ripe".¹ The founders of Marxism-Leninism believed that on their way to socialism the countries in which capitalism had not yet created any material prerequisites for socialist revolution were to be assisted by the proletariat of the advanced countries with all the means at its disposal.

The building of the material and technical basis of socialism and the formation of socialist relations of production are two interconnected tasks in the period of transition from capitalism to socialism, which must be fulfilled gradually

¹ V. I. Lenin, *Collected Works*, Vol. 25, p. 359.

and concurrently. Even while the task of expropriating the expropriators is being tackled, another basic task comes to the fore, that of building a social structure superior to capitalism, raising the productivity of labour, and, accordingly, attaining a higher level of its organisation.

"The more backward the country which, owing to the zigzags of history, has proved to be the one to start the socialist revolution, the more difficult is it for that country to pass from the old capitalist relations to socialist relations."¹ But it is even more difficult and is bound to take longer to go over to socialist construction not from a capitalist but from a semifeudal and semicolonial economy, like that of China. The CPC Central Committee had taken that into account and had defined the Party's general line in the transition period as follows: gradually and over a fairly long stretch of time to bring about the country's socialist industrialisation and to transform the country's agriculture, handicraft industry, capitalist industry and trade on socialist lines. This general line was first set out in 1952, at the end of the economic rehabilitation period, and was adopted in 1954 by the National People's Congress and written into the PRC Constitution as the country's main objective in the transition period. It was to be carried out in something like three five-year periods, with any departures from the general line being regarded as Rightist or "Leftist" mistakes.

Consequently, the CPC's 1952 general line emphasised three main points: the two interconnected tasks—that of building the material and technical basis of socialism and forming socialist relations of production—were to be tackled gradually, concurrently, and over a long period. The Chinese leadership acted in overall accordance with that line up to about mid-1955. Over that period, China scored some notable successes both in establishing a primary base for socialist industrialisation, and in transforming the petty-commodity and the capitalist sector on socialist lines. In 1955, gross industrial output (including that of the handicraft industry) was four times greater than in 1949, with a more than sixfold increase in the output of the means of production.

¹ V. I. Lenin, *Collected Works*, Vol. 27, p. 89.

The socialist sector now accounted for 97 per cent of gross industrial output (including the output of the state and the state-capitalist sector) and for 82.2 per cent of retail trade; the number of handicraftsmen joining cooperatives had increased nearly 10-fold over 1952, to 27 per cent of their total; and 14.2 per cent of all peasant households had become members of farming cooperatives.

On July 31, 1955, in a "Report on the Question of Agricultural Cooperation" to a conference of the secretaries of provincial, city and regional CPC committees, Mao said: "In the face of success, there are, I think, two bad tendencies, one is that 'dizziness with success' which makes for swelled-headedness and leads to 'Leftist' mistakes. That, of course, is bad. The second is letting oneself be stunned by success, which leads to 'drastic compression' and to Rightist mistakes. That is bad too."¹ He went on to say that "at the present time, it is the latter that prevails",² but actually there were facts to show that the "Leftist" trend was increasingly gaining the upper hand over realistic policy.

In fact, under the First Five-Year Plan, finalised in July 1955, one-third of all the peasant households were to become members of semi-socialist farming cooperatives by the end of the five-year period (the rest to become members by the end of the second period, with transition from semi-socialist to socialist cooperatives in the third period). The measures that would enable the country to carry out the socialist changes included an increase in the delivery of modernised implements to agriculture, the building and repair of a range of irrigation installations, and an increase in the output of chemical fertilisers. In the report mentioned above, Mao said that it would take China 18 years to transform its economy on socialist lines (including the three years of economic rehabilitation) and that the task would be tackled "simultaneously with the virtual completion of socialist industrialisation".³

In the same breath, however, he put forward propositions that were in fact at variance with his foregoing statements

¹ Mao Tse-tung, *The Question of Agricultural Cooperation*, Peking, 1956, p. 12.

² Ibid.

³ Ibid., p. 26.

and meant, on the one hand, a review of the time-scale for carrying out the socialist reforms, and, on the other, a retraction of the pledge to tie in the task of cooperation with that of socialist industrialisation. Having proclaimed "another imminent upswing of the mass socialist movement throughout the country", Mao proposed that the number of farming cooperatives should be increased to 1,300,000, which was well beyond the 800,000 target-figure of the First Five-Year Plan.

Under the altered time-scale, about half the rural population were to join semi-socialist cooperatives by the end of the first five-year period and the remaining part by 1960. No economic reason was given for the possibility of faster change, the slogan "to trust the masses, to trust the Party" being taken as sufficient. Here is how Mao spelled out the proposition that in view of China's economic conditions technical reforms would take longer than social reforms: "During the First and Second Five-Year Plans, the main feature of reform in the countryside will still be social reform. Technical reform will take second place.... During the Third Five-Year Plan, social and technical reform will advance side by side in the rural areas."¹

In theory, this two-stage approach implied the tying in of the "revolution in the social system" with the "revolution in the technical field", but in fact the whole emphasis was being shifted to one aspect of the problem, the dependence of mechanisation in agriculture on its cooperation: "Socialist industrialization is not something that can be carried out in isolation, separate from agricultural co-operation. If, in a period of roughly three five-year plans, we cannot fundamentally solve the problem of agricultural co-operation... our socialist industrialization will run into formidable difficulties: we shall not be able to complete socialist industrialization."² The tractors and other agricultural machinery, the chemical fertilisers, produced by the heavy industry, he added, can be found a use for or can be used on a big scale only on the basis of large-scale cooperative farming.

¹ Mao Tse-tung, *The Question of Agricultural Cooperation*, p. 36.

² *Ibid.*, pp. 22, 23.

There is, of course, good ground for the argument that the task of socialist industrialisation cannot be solved all alone. There is nothing new about Mao's argument, for the CPC's 1952 general line emphasised the interdependence of socialist reform and the technical reconstruction of the national economy. But the stress then had been on two-way dependence, whereas now Mao kept emphasising only one aspect of that dependence. He had his reasons, using his apparently valid arguments to draw an entirely lopsided conclusion: "In agriculture, under the conditions prevailing in our country, co-operation must precede the use of big machinery."¹ This conclusion was already quite contrary to the CPC programme for the First Five-Year Plan (1953-57) for the development of the national economy. The programme said that socialist industrialisation was the main element of socialist construction, while the reform of agriculture and the handicraft industry, and that of capitalist industry and trade were regarded as two integral parts of a single whole inseparable from socialist industrialisation. In his Report on the First Five-Year Plan, Chairman of the State Planning Committee, Li Fu-chun, said: "Without large-scale industry we shall not be able to pass on to socialism or transform agriculture and the whole national economy with modern technique."² In elaborating the First Five-Year Plan, the CPC was guided by the following policy-making proposition: socialism cannot be built on the basis of small-scale peasant farming but only on that of large-scale industry and large-scale collective farms; the transition of agriculture from backward and fragmented to advanced and collective ways of production calls for its cooperation and mechanisation; only transition to collective farming and the use of modern equipment on that basis would open up an opportunity for considerable development of the productive forces and for extended agricultural reproduction.

In the course of socialist construction, at the time of socialist industrialisation and socialist reform, account had

¹ *Ibid.*, p. 24.

² Li Fu-chun, "Report on the First Five-Year Plan for the Development of the National Economy" (Delivered on July 5 and 6, 1955, at the Second Session of the First National People's Congress). Supplement to *People's China*, August 16, 1955.

to be taken of the country's concrete conditions, the measures adopted had to be practicable, and the tasks facing the country had to be tackled in a gradual and balanced manner. Cooperation of agriculture can never be speedy or simple, for that immense task involves a radical recasting of the rural economy and way of life of hundreds of millions. The working peasants' switch from individual petty production to the socialist road is bound to require hard and protracted effort and can only be carried out gradually, through intermediate forms. If agriculture is to be cooperated, there must not only be overall development of the national economy to enable it to assist the farmers, and the farmers must not only attain a definite cultural level, but their own experience should convince them of the advantages of the new-type economy. All that takes a fairly long time.

Nevertheless, as early as October 1955, the decisions of the 6th Plenum of the 7th CPC Central Committee confirmed the line for accelerating socialist reform. In his preface to a collection entitled *Socialist Upsurge in China's Countryside*, written in December 1955, Mao Tse-tung said that more than 60 per cent of the peasant households had responded to the Central Committee's appeal by joining semi-socialist cooperatives. In view of that he found it possible to reconsider the time-scale of socialist reform. He said that China needed "only one year—1956—to practically complete the change-over to semi-socialist co-operation in agriculture", and that in another three or four years, that is, by 1959 or 1960, it could "complete, in the main, the transformation from semi-socialist to fully socialist co-operatives".¹ But actually the change-over was even more rapid. The original plan of reform, which provided for a series of transitional forms that would help to create the conditions for boosting the productive forces and preparing the farmers for acceptance of collective property, had been virtually discarded. Indeed, a basic principle of socialist and communist construction—that of gradual transition from lower to higher social forms of farming as real conditions are being built up—was grossly violated. An attempt was being made to effect radical reforms in the farmers' way of life, in a mat-

¹ *Socialist Upsurge in China's Countryside*, Peking, 1957, p. 8.

ter of months and without any serious changes in the character of the productive forces. In mid-1955, less than 15 per cent of all peasant households were members of semi-socialist cooperatives, whereas in November the figure was 30 per cent, in December—60, in January 1956—78, in February—85, in April—90, in May—91.2, and in June—91.7 per cent. By the end of 1956, cooperatives involved 96.3 per cent of all households, 87.8 per cent of these being members of the higher-type cooperatives. This means that in a short rush period not only had complete cooperation been carried out, but the countryside had also gone over from semi-socialist to fully socialist cooperatives. Of course, the mass of peasants was quite unprepared for such a change, either economically or psychologically.

The theory and practice of the fastest possible cooperation in the countryside, not supplemented with any concrete programme for the technical re-equipment of agriculture, resulted from an exaggeration, on the one hand, of the role of subjective efforts, moral factors and administrative levers and, on the other, of the role of a mere pooling together of the peasants' labour and the adding up of the available means of production. Lenin described the transition from small isolated farms to large-scale, social farming as a long period of transition, which "may only be delayed and complicated by hasty and incautious administrative and legislative measures. It can be accelerated only by affording such assistance to the peasant as will enable him to effect an immense improvement in his whole farming technique, to reform it radically".¹ But the Chinese leaders approached the problem of cooperation in about the same way as the peasant Shen Pao-te of Kaochialang village, who looked at the fields and said: "The kidney beans have been picked and the radishes are filling out. If we are going to set up this co-op, the sooner we do it the better."²

By the end of the first five-year period definite progress had undoubtedly been made in the material and technical basis of agriculture, and this did quite a good deal to promote cooperation. During the first five-year period, the

¹ V. I. Lenin, *Collected Works*, Vol. 30, pp. 112-13.

² *Socialist Upsurge in China's Countryside*, p. 166.

main step in the technical re-equipment of agriculture was to introduce modernised agricultural implements pulled by animals, like single- and double-furrow ploughs, sowers, harrows and reapers. Practice had shown that the cooperatives and mutual-assistance brigades using new, modernised implements had 10 to 20 per cent higher crop yields than those using old implements. The first steps had also been taken to equip agriculture with modern machinery, like tractors, combines and cultivators. All that machinery, however, had gone to the machine-and-tractor stations and state mechanised farms, which were being mainly set up to gain experience in the use of modern agricultural machinery in China's conditions, train machine-operators, and spread among the peasants the advantages of large-scale mechanised farms. What is more, China had to import all of the agricultural machinery for the machine-and-tractor stations and state farms, for these were not yet being made at home. Over the five years, the state supplied agriculture with about 6 million tons of chemical fertilisers, of which only 2.5 million tons were produced inside the country. Despite the fact that by the end of the five-year period state deliveries of the means of production to agriculture increased 2.3 times, manual labour continued to be the basis of agricultural production: mechanical energy was being used to cultivate less than 10 per cent and irrigate less than 7 per cent of all the arable land, and the requirements in chemical fertilisers were being met to less than 10 per cent.

Quite obviously, the changes in the relations of production that took place in 1955 and 1956 were not at all due to any advances in the productive forces. That is why at the 8th Congress of the CPC in September 1956, the Chinese leadership found it necessary to declare that the contradiction between "the advanced socialist system and the backward productive forces of society" had become the main contradiction inside the country.¹ The CPC Central Committee's Political Report to the 8th National Congress on the Rightist and "Leftist" deviations from the general line over the preceding few years said that "the tendency of deviating

from the Party's general line to the 'Left' has manifested itself mainly in demanding that socialism be achieved overnight,... in not admitting that we should adopt measures for advancing, step by step".¹ At the same time, the Report said, the task of socialist reform had in the main been fulfilled 11 years before the planned date (the task of cooperating the handicraft industry and transforming capitalist industry and trade on socialist lines, as well as that of cooperation in agriculture, had been rushed through in a matter of months: in 1955, 27 per cent of all handicraftsmen were members of cooperatives, whereas in 1956 the figure was 92 per cent; by January 1956, 77 per cent of all private industrial enterprises had been transformed into state-private enterprises, whereas by March the figure had gone up to 88 per cent, and by June—to more than 97 per cent).

In the second five-year period (1958-62) the task of socialist reform was to be carried out in full, with the exception of some areas. The concrete plan for the completion of socialist reform provided for the strengthening of farming cooperatives in organisational and economic terms, and also for going over from state-private enterprises to completely socialist state enterprises. The point was that the former owners of industrial and commercial enterprises were being paid a fixed interest amounting to an annual 5 per cent on the fixed capital. The retention of this element of capitalist exploitation over a definite period was provided for by China's policy of the use, limitation and transformation of capitalist property. Indeed, completion of socialist reform in the sphere of property was to put an end to these payments within seven years, that is, by the end of the second five-year period. As for the farming cooperatives, these all needed to be strengthened in organisational and economic terms, the task being especially urgent in "the co-operatives which were rather hastily set up".²

There were some facts, later admitted by the Chinese press, which showed the instability of the new relations in the Chinese countryside, relations that had been established

¹ *Eighth National Congress of the Communist Party of China*, Vol. I, Peking, 1956, p. 116.

¹ *Ibid.*, p. 20.

² *Ibid.*, p. 37.

in defiance of the principles of gradual and voluntary change and without any appropriate material and technical basis. These facts showed that there was a sharp increase in the slaughter of pigs in peasant households, that in 1956 the "members of a small number of agricultural co-operatives also created disturbances", that in 1957 there was a "sudden withdrawal of farmers from the cooperatives", and that more than 200,000 (sic!) cooperatives were wound up in 1955.¹ There was good reason, therefore, why the main decisions on agriculture issued by the state organs in 1957, when some attempt was made to redress the mistakes of the previous years, dealt with the matters of putting farming cooperatives in order and improving their management, implementing a policy of mutual advantage within the cooperatives, and adopting a correct attitude in respect of individual farmers.

Thus, the CPC Central Committee's instructions "On the Ordering of Work in Managing Agricultural Producer Cooperatives", issued on September 14, 1957, said that the size of the cooperatives and producer brigades had a strong effect on the quality of management in agricultural production. It recommended that to facilitate management and stimulate activity among the members of cooperatives, all oversize cooperatives should be broken up. A cooperative, it said, should best comprise a village of just over 100 households, and a producer brigade—something like 20 households. It also recommended that these dimensions should be left unaltered over the decade ahead.

But less than a year later, in the course of the "great leap forward", the effort was in effect reversed. The CPC Central Committee's Decision of August 29, 1958, "On the Establishment of People's Communes in the Villages", called for a marked enlargement of cooperatives by turning them into people's communes. It advised the establishment of one commune in a district of about 2,000 households. Depending on local conditions, however, the communes were set up to include from 5,000 to 10,000-20,000 households, and the

¹ Mao Tse-tung, "On the Correct Handling of Contradictions Among the People". Supplement to *People's China* No. 13, July 1, 1957, p. 23; *Chungkuo chinguien pao*, April 11, 1963; *Jenmin jihpao*, February 4, 1968.

commune board was merged with the district authority. The commune now handled industry, trade, education and military affairs, as well as farming proper.

The people's communes marked another step in the socialisation of the peasants' property: after the basic means of production came the farmers' house-and-garden plots, cattle and poultry, land under buildings and even household utensils. The management of local banks, shops and some other establishments was also handed over to the communes. On the strength of these facts, the conclusion was then drawn that "elements of the property of the whole people were in effect already present in the collective property of the people's commune". These elements, it was being said, were bound to go on growing and developing and would gradually come to replace collective property. In some areas, the change-over was to be "relatively rapid", say, three or four years, whereas in other areas it was to be slower, taking five or six years or even longer. The CC decision added, however, that even after the people's commune had gone over to the property of the whole people, it would continue to be socialist, but "in another few years, when the social product becomes considerably larger, and the communist consciousness and moral features of the whole people are markedly enhanced", Chinese society would enter the communist epoch.¹ Considering that the main slogan of that period was Mao's appeal "persistently to fight for three years and to effect essential changes in the aspect of most of the country's areas", one will easily see why the Chinese leadership's final conclusion was couched in such optimistic tones: "Communism in this country seems to be no distant prospect."²

It has already been pointed out that by 1958 China had solved (and not even entirely) only one of the problems of the period of transition to socialism: it had eliminated most of the large and small-scale private property in the means of production. But the building of a material basis for the technical reconstruction of the national economy, intended

¹ See *The Constitution and Fundamental Legislative Acts of the Chinese People's Republic (1954-1958)*. Moscow, 1959, p. 424 (in Russian).

² *Ibid.*, p. 426.

to "eliminate the contradiction between the advanced socialist system and the backward productive forces", had been put forward as the main task for the following period of about three five-year plans.¹ Consequently, it was still in a society in the period of transition to socialism that the Chinese leaders started their "communisation" drive in 1958. This notwithstanding, they declared the people's communes to be the best organisational form for building socialism ahead of time and gradually going over to communism, and even a "golden bridge to communism".²

In November 1958, Chinese economists started a wide discussion on the nature of property in the rural people's communes, and this led to the emergence of two basic standpoints. One was that the people's commune already came under the head of property of the whole people, so that there was no need for any "gradual transition" from collective property to that of the whole people, or at any rate, that the transition should take some three or four months or even less rather than the three or four years mentioned in the CC decisions. Three arguments were trotted out to back this view.

First, since "in socialist society ... the subjective activity of the masses—as compared with objective factors—has the decisive influence on the development rate of the socialist economy", the Party must but "point out the advantages of transition to the property of the whole people and the peasant masses will at once accept and come out in resolute support of the reforms".³ Second, "the change-over must be timely, and therefore as swift as possible, before the idea of possession on the scale of individual farms has time to become firmly rooted in the minds and way of life of the communes' members and leaders". Third, in most areas of the country, "the relations of production, the sphere of exchange and distribution, in particular, have already been largely converted to the property of the whole people", thus making the overall transition much simpler.

¹ See *Eighth National Congress of the Communist Party of China*, Vol. I, pp. 116-17.

² *Jenmin jihpao*, February 4, 1968.

³ "Debate on the Nature of Property in the Rural People's Communes" in: *Chingchi yanchin* No. 12, 1958, pp. 7-23.

The advocates of the second standpoint believed that "the people's commune is no longer a purely collective economic unit, nor is it as yet a type of nation-wide economic unit, but is a transitional economic unit on its way from the former to the latter". Since, the argument went, the people's commune had moved from "minor collective property" to "major collective property", already including elements of the property of the whole people, it had to be classed as "minor property of the whole people". The transition had to be "gradual" but "continuous", which meant that it was to be neither precipitate nor protracted, being best carried out in the three or four (five or six) years, as stipulated in the CC decisions of August 1958.

In their attempt somehow to square the "communisation" doctrine with the facts of life in China, where the people's most vital needs were being barely satisfied, the advocates of the first and the second standpoint suggested that the bumper crop of 1958 should be used "as a material basis for starting the change-over to the property of the whole people", but since that alone was obviously inadequate, they urged greater reliance on the masses' "revolutionary and political consciousness" rather than "exaggeration of the role of the material basis".¹

The Chinese leadership sought a similar compromise in its decision "On Some Matters Relating to the People's Communes", adopted at the 6th Plenary Meeting of the 8th Central Committee in December 1958. While reaffirming the major provisions of the August Resolution, the Central Committee also made some amendments, pointing out, for example, that "socialist ownership by the whole people may be fully realised at a somewhat earlier date, but this will not be very soon", and that "how soon the transition from collective ownership to ownership by the whole people will be effected will be determined by the objective factors—the level of development of production and the level of the people's political understanding—and not by mere wishful thinking that it can be done at any time we want it. Thus,

¹ See "Debate..."; Lo Keng-mo, "An Analysis of the Nature of Property in the Rural People's Communes" in: *Jenmin chupanshe*, 1958, p. 31.

this transition will be realized by stages and by groups, on a national scale only after a considerable time".¹ The decision emphasised that "both the transition from socialist collective ownership to socialist ownership by the whole people and the transition from socialism to communism must depend on a certain level of development of the productive forces", and that "production relations must be suited to the nature of the productive forces and only when the productive forces develop to a certain stage will certain changes be brought about in production relations".² This would seem to mean that the Central Committee wanted to adopt a more realistic stand, but the utopia was far from being discarded, for the same document contains a concrete proposal to effect radical changes in the country's economic make-up "by persistently fighting for three years and making efforts for another few years". The Chinese leadership was in effect lapsing "into the Utopian dream of skipping the socialist stage and jumping over to the communist stage",³ a dream against which it had actually forewarned itself. Lenin wrote: "Any Communist who thought the economic basis, the economic roots, of small farming could be reshaped in three years was, of course, a dreamer."⁴

Experience showed that the Chinese leadership's hopes of using the people's communes to skip the necessary stages and jump over to socialism and communism had not been realised, thus proving Marx's idea that where new social forms of the economy have been established without appropriate material prerequisites, these, far from being able to advance the productive forces, are in effect bound to throw them back and lead to a decline in production.

The vast size of the communes was a serious obstacle to their effective management and organisation of labour within them, while the overextended range of activity led to waste in the scanty resources of the countryside, and diverted the peasants from their farming. The excessive socialisation and the new system of distribution, which

¹ Sixth Plenary Session of the Eighth Central Committee of the Communist Party of China, Peking, 1958, pp. 17-18, 21.

² Ibid., pp. 23-24.

³ Ibid., p. 25.

⁴ V. I. Lenin, *Collected Works*, Vol. 32, p. 216.

reduced material incentives to nothing, undermined the farmers' production activity. That is why a slightly modified form of organisation of production that had once existed in the farming cooperatives was soon restored behind the people's commune front. Another indication of the unpublicised reversion to cooperative principles was that there was some ordering of the wage system and that the house-and-garden plots and household utensils were returned to the farmers, who were allowed to own livestock and to sell their surplus produce on the market.

Now that the evolution of the people's commune was largely put into reverse, while still remaining one of the "three red banners" (the general line, the "great leap forward" and the people's communes), an attempt was made to account for its emergence by the "requirements of the advanced productive forces". The truth was that more and more people were coming out against "communisation" and saying that it was "first necessary to fulfil the task of industrialisation and also the mechanisation and electrification of agriculture, and only then to venture upon a revolution in the relations of production", that "the setting up of the people's communes at the present stage contradicted objective laws", and that they had been established "in an atmosphere of noisy agitation" and "neglect of the masses' free will", amounting to nothing but a "skipping of the appropriate stages of development".¹

In an article, entitled "Socialist Construction and Transition to Communism", the Chinese economist Hsüeh Mu-tsiao objected to these views by saying that "the great leap forward in industry and agriculture and the release of the working people's ideology" had already "created the necessary material and spiritual conditions for the movement to set up the people's communes".² True, these words of his do not seem to square with his own statement that in 1958 China's agriculture was "still mostly based on manual labour".³

¹ See "Some Economic Problems of Socialist Construction in This Country" in: *Chungkuo chingui chupanshe*, 1959, p. 12; *Jenmin jihpao*, February 4, 1968.

² "Some Economic Problems...", p. 13.

³ Ibid., p. 11.

His argument went as follows: "In the course of the great leap forward in industry and agriculture, the peasantry has carried on large-scale construction with unparalleled enthusiasm. Hence the need to centralise manpower distribution on a district, regional and even larger scale. Being fairly small organisational units, the existing farming cooperatives are no longer adapted to such a leap in production.... In order to mobilise a large labour force, life has to be collectivised, which creates the need to make appropriate changes in the distribution system through a combination of wage payments and free supplies. Far from being the mere subjective wishes of individuals, all these are an inevitable result of the leap in production."¹ Such reasoning, however, is hardly convincing, for it cuts across the facts. The "great leap forward" which, for its part, was also carried out by voluntarist methods, was precisely meant to "eliminate" the contradiction between the "advanced socialist system" and the "backward productive forces" and could by no means prepare the material and spiritual prerequisites for the country's "communisation", which was in fact started simultaneously with the leap.

In face of the need somehow to fulfil the grand but artificial economic tasks without any adequate material prerequisites or possibilities, the central and local apparatus running the national economy sought to achieve its targets by mobilising mammoth labour armies, which went hand in hand with a radical break-up of the wages and incentives system. But the attempt to organise and distribute in a centralised manner (through the commune boards) tens and even hundreds of thousands of men (the communes numbering from 20,000-60,000 to 400,000 men) proved to be abortive. The fifth session of the Standing Committee of the Second National People's Congress in August 1959 heard statements about inadequate organisation of manpower during the autumn harvest and lack of due care in the reaping, threshing, gathering and storage of the crop. But the main effect of the egalitarian distribution, chiefly through free public catering, was the uncontrolled squandering and consumption of the low stocks of foods.

¹ "Some Economic Problems...", p. 13.

Trying to determine the root cause of the difficulties and contradictions, another Chinese economist, Ho Li, wrote in an article, "The Relations of Production Must Necessarily Correspond to the Productive Forces", that it was "because the masses have courageously destroyed certain impediments to the development of production within the relations of production and the superstructure"¹, that in 1958 there had been an enormous development of the country's production and a broad technical revolution in industry and agriculture, and that the productive forces had advanced at an unprecedented rate. The emergence of the people's communes, Ho Li wrote, meant the establishment of new relations of production, which at once proved their great viability and served to develop production, holding promise of eventually becoming an even more powerful motive force in the advance of China's productive forces. Like many of his fellow-economists, Ho Li strove to prove in defiance of the facts that at the outset of "communisation" the main contradiction had been one between the productive forces and the inhibitive relations of production rather than one between the social forms of the economy and the narrow material basis. This idea, however, quite agreed with a statement made by Mao in 1957. He wrote: "To sum up, socialist relations of production have been established; they are suited to the development of productive forces, but they are still far from perfect, and their imperfect aspects stand in contradiction to the development of the productive forces."² In Mao's opinion, these "imperfect aspects" of the relations of production lay in the fact that in terms of property the state-private enterprises were not yet "fully socialist", and that some small farming and handicraft producer cooperatives continued to be semi-socialist. This totally ignored the fact that one major "imperfect aspect" of the relations of production was that these had no material basis underneath them and were hanging in mid-air, being, as the Chinese say, something of a "rootless tree".

As for the "imperfect aspects" Mao had in mind it would have been more logical to eliminate these by doing away

¹ Ibid., pp. 18-19.

² Mao Tse-tung, "On the Correct Handling of Contradictions Among the People". Supplement to *People's China* No. 13, July 1, 1957, p. 10.

with the remnants of exploitation at the state-private enterprises, by ending the payment of fixed interest to their former owners, and also by strengthening the collective principles in the farming cooperatives. In practice, however, the "improvement" of the relations of production assumed a somewhat peculiar form: far from being ended, the payment of interest to the capitalists was first extended for three years and then indefinitely; meanwhile, the peasants were being deprived of the right to engage in personal farming and to sell their surplus produce on the free market.

By considering the relations of production outside the context of the interconnection with the productive forces that determines them, the CPC leaders were in effect allowing an idealistic "dematerialisation" of the relations of production, for an essential feature of the latter is that while being bonds between men engaged in production these are also the social form of the advance and development of the productive forces. The relations between men are ultimately determined by the productive forces, i.e., the objective material means of labour and all the other means of production and the respective labour power. Therein lies the objective material form of social relations between men in production. That is why China's "socialisation and communisation" by decree did not in fact signify the establishment of socialist relations of production. These could only have been built objectively on the basis of new, markedly increased productive forces capable of re-equipping the entire economy on the lines of modern technology. This consideration not only makes utter nonsense of the idea that the relations of production were a brake on the productive forces, as Mao sought to prove in 1957, but also shows that it was wrong to look for a contradiction between "the advanced socialist system and the backward productive forces of society", as the Eighth Congress of the CPC put it.

In their attempts to square China's economic theory and practice with the objective laws of development, the advocates of "communisation" narrowed down the concept of the productive forces, taking these to mean men alone and, what is more, men in terms of subjective activity alone, without their production experience and labour skills. Without altogether excluding the material factors of production from

the productive-forces concept, they sought to play down their role in every possible way. Hence the assertion that a mere increase in employment (which was quite considerable in China), without any corresponding technical progress, meant a vast advance in the productive forces capable of altering the relations of production. Hence also the Chinese leaders' rebukes levelled at their opponents in that the latter "only see things and fail to see man", "disregard the masses' revolutionary and political consciousness", "spread blind faith in the machine", and "try to convince people of the omnipotence of mechanisation without which socialism is alleged to be impossible". Their flat conclusion was: "This is typical counter-revolutionary fetishism."¹

The Chinese economist Lo Keng-mo made a curious attempt to resolve these contradictions. In 1962, he declared that neither during the 1955 and 1956 cooperation drive, nor on the eve of the "communisation" movement had the country's productive forces undergone any marked changes that could bring about changes in the relations of production. What is more, he thought it wrong to "look for changes [in the productive forces of the countryside.—E. K.] that would account for the twofold change in the relations of production".² But having no fresh or convincing criteria to offer in place of the old ones, Lo Keng-mo referred his readers to Mao's work "On Contradiction", the following statement in particular: "True, the productive forces, practice, and the economic foundation generally manifest themselves in the principal and decisive role; whoever denies this is not a materialist. But under certain conditions, such aspects as the relations of production, theory and the superstructure in turn manifest themselves in the principal and decisive role; this must also be admitted."³

Marxism recognises the dialectical interrelation between the productive forces and the relations of production, and also the relative independence of the latter and their great

¹ *Jenmin jihpao*, February 4, 1968.

² Lo Keng-mo, "Some Questions of the Productive Forces and the Relations of Production" in: *Chungkuo chingui chupanshe*, 1962, p. 33.

³ Mao Tse-tung, "On Contradiction" in: *Selected Works of Mao Tse-tung*, Vol. 2, London, p. 41.

retroactive effect on the productive forces. But Marxism attributes the principal and decisive role to only one aspect of this dialectical unity, namely, the productive forces. Marx wrote: "The social relations within which individuals produce, *the social relations of production, change, are transformed, with the change and development of the material means of production, the productive forces.*"¹ Lenin described the state of the productive forces as "the touchstone of social development".²

As for Mao, instead of dealing with the two-way relationship between the two aspects of the dialectical unity, he has kept mechanistically switching them, presenting now the productive forces, now the relations of production as the main aspect that determines society's economic system. This approach to dialectics has allowed Maoist ideologists in present-day China to proclaim theory—and so the ideas of Mao himself—as the principal material motive force in the development of production, which operates continually and for all time. They do not even consider the fact that ideas can become a material force (that is, be realised in practice) only when they meet the pressing requirements of social life and so obtain access to the minds of men, and not when the masses "master" them by learning them by heart. An article entitled "Victory of the People's Commune and Failure of the 'Skipping the Next Stage' Theory", carried by *Jenmin jihpao* on February 4, 1968, said that the "establishment of the people's communes in China's rural areas was a great victory for the ideas of Mao Tse-tung", who had come out against the "absurd" demand for a rise in the productive forces as a prerequisite for setting up the "communist society cell". "Mechanisation is no binding prerequisite for the people's communes. The decisive factors here are: our Party, founded and headed by our great leader, Chairman Mao Tse-tung himself; the all-triumphant ideas of Mao Tse-tung—Marxism-Leninism at its highest present-day level; Chairman Mao's incomparably wise and correct proletarian revolutionary line; our almighty state of the dicta-

torship of the proletariat, directed by a proletarian headquarters led by Chairman Mao Tse-tung, and relying on the great PLAC¹; and the socialist consciousness of the 500-million-strong peasantry fostered on the all-triumphant Mao Tse-tung thought." The paper went on to say: "For our country's construction and the strengthening of the commune, revolutionisation is more important than mechanisation." Here the Maoists betray not only a poor knowledge of the fundamentals of scientific communism, but also a lack of plain common sense.

The Maoists' attempts to oppose man to the other elements of the productive forces, to deny the role of the means of labour in the development of society, and to prove the possibility of establishing new relations of production irrespective of the level of the productive forces in fact stem from the view that the relations of production play the decisive role within the mode of production, and that subjective activity, politics and ideas are the decisive and determining factor of social development, which means a virtual denial of a basic Marxist-Leninist principle, its materialist approach to the analysis of social and economic processes.

¹ K. Marx and F. Engels, *Selected Works*, Vol. 1, Moscow, 1970, p. 160.

² V. I. Lenin, *Collected Works*, Vol. 32, p. 235.

¹ PLAC—People's Liberation Army of China.

OBJECTIVE AND SUBJECTIVE FACTORS IN SOCIALIST ECONOMIC DEVELOPMENT AND THE "POLITICS IS THE GUIDE" LINE

A Marxist-Leninist Party can be successful in its economic policy only when its activity is based on a scientific programme analysing the historical tendencies of social development and corresponding to objective economic and social laws. From that point of view, the CPC's economic policy over the past few years has been the exact opposite. The "three red banners" line, proclaimed in 1958, denied the need for a scientific approach to the major national economic problems; instead of analysing the objective conditions of development it put forward "revolutionary" catchwords about a strong desire being enough to solve any economic problem. The CPC Central Committee's Report to the Second Session of the Eighth National Congress of the CPC (1958), which laid down the line for the utmost speed-up of economic construction, said: "It is man that counts, the subjective initiative of the masses is a mighty driving force. To ignore this great driving force will run counter to Marxism-Leninism. Some people say that ideological and political work can produce neither grain nor coal or iron. This is like failing to see the wood for the trees. One may ask: have we not produced more grain, coal and iron by formulating and carrying out correct political lines, by correctly handling contradictions among the people, and by raising the socialist consciousness of the workers and arousing the enthusiasm of the masses, and are we not going to produce more and more by so doing?"¹ The Chinese leadership claimed that to

¹ *Second Session of the Eighth National Congress of the Communist Party of China*, Peking, 1958, pp. 62-63.

implement the grand plans of the "great leap forward", the country needed nothing but a "host of people who think, speak and act with courage and daring, who dare to topple the old idols, to make innovations and create new things.... Only by relying on such people can we lead the people of the whole country in making one forward leap after another and complete the great work of socialist construction by achieving greater, faster, better and more economical results."²

In setting forth its new line, however, the Chinese leadership had to admit that "some people do not recognize the importance of increasing the speed of construction; they do not approve of the policy of consistently achieving greater, faster, better and more economical results, and they have raised various objections".³ Some documents said that those who opposed the new Maoist line were coming out against the mass-movement method in socialist construction, dismissing it as a "petty-bourgeois fanatical movement", ensuring "greater and faster" rather than "better and more economical" results and doing "more harm than good". The Chinese leadership could not cover up the fact that many realistically minded men were already saying that the rate of construction should not be too high, for that could lead to waste, overstrain among the people, and imbalances between the various branches of production and between financial revenue and expenditure; they were also saying that there was no objective material basis for the establishment of the people's communes and that the latter were the product of the subjective wishes and noisy campaign of a handful of men rather than of objective necessity.³ Since all these objections to the Maoist line were based on economic analysis, the authors were accused of conservatism, Right-wing opportunism and lack of "revolutionary courage".

Although the Report mentioned above paid lip-service to the need to "combine revolutionary enthusiasm with busi-

¹ *Ibid.*, p. 35.

² *Ibid.*, p. 44.

³ See *Second Session of the Eighth National Congress of the Communist Party of China*, p. 44; Chou En-lai, *A Great Decade*, Peking, 1959, p. 33; Chou En-lai, *Report on Adjusting the Major Targets of the 1959 National Economic Plan and Further Developing the Campaign for Increasing Production and Practising Economy*, Peking, 1959, pp. 41-42.

nesslike sense", never to allow idle talk or boasting, to put forward targets that could be "reached with hard work", and never to "publicize as plans that which is not really attainable, lest failure dampen the enthusiasm of the masses",¹ the concrete targets of the new line channelled the economic effort in a very different direction. The spring of 1958 was declared to be the "spring of the great leap forward", the people being promised "ten thousand years of happiness in return for a few years of persistent effort". The time-scale of socialist construction was greatly compressed: the targets which in 1956 were said to require about 15 years to meet were now to be fulfilled in five years. The Second Five-Year Plan put forward by the Eighth National Congress of the CPC in 1956 said that the output of steel was to be doubled within five years, whereas the "great leap forward" version now said it was to be increased nearly 20-fold over the same period; instead of being doubled, industrial production was now to be increased 6.5-fold; and agricultural production was to go up 150 per cent instead of the earlier 35 per cent. The setting of these targets was an act of sheer voluntarism, for they were not based on any economic considerations, not even the most elementary. Nevertheless, the Chinese leadership meant to use these plans for its "great leap forward" into socialism and communism, forgetting the indisputable Marxist truth that "even when a society has got upon the right track for the discovery of the natural laws of its movement ... it can neither clear by bold leaps, nor remove by legal enactments, the obstacles offered by the successive phases of its normal development",² and that it can only be successful in solving those of its problems the material and spiritual prerequisites for which have already matured.

Marxism-Leninism has never denied the active role of the subjective factor in social life. But the development of society is determined by objective conditions, on which the influence of this subjective factor ultimately depends. The latter's independence is relative and it can play the decisive role only

¹ *Second Session of the Eighth National Congress of the Communist Party of China*, p. 61.

² K. Marx, *Capital*, Vol. I, Moscow, 1963, p. 10.

when there are adequate objective prerequisites. If the subjective factor is to operate with success, the strictest account must always be taken of the whole complex of objective circumstances and actual possibilities. Since the subjective factor determines the realisation of the possibilities created by the objective conditions, it has a decisive influence on the quickening or slowing down of economic development. Lenin wrote: "Marxism differs from all other socialist theories in the remarkable way it combines complete scientific sobriety in the analysis of the objective state of affairs and the objective course of evolution with the most emphatic recognition of the importance of the revolutionary energy, revolutionary creative genius, and revolutionary initiative of the masses."¹ Marxism recognises men's objective ability to act, which enables them to make use of objective laws for the attainment of their subjective ends. But men can only do that once they have a correct understanding of the objective laws and abide by these in practice. Engels wrote: "Freedom does not consist in the dream of independence from natural laws, but in the knowledge of these laws, and in the possibility this gives of systematically making them work towards definite ends."² This proposition fully applies to the laws of social and economic development.

Under socialism, the role of the subjective factor in social development tends to grow, something that is due to the very nature of the socialist economic system: being based on social property in the means of production, it requires that men should pool their efforts and enables them to make conscious and balanced use of objective economic laws in their economic practice. Under socialism, the working masses are being increasingly involved in the control of social and economic processes. As the numbers of those involved in this activity increase, so do their consciousness, vigour and initiative. In these conditions, the Communist Party's guidance of the masses becomes much more important. By means of a conscious effort, the Party can promote the growth of mass activity, but it cannot induce such growth

¹ V. I. Lenin, *Collected Works*, Vol. 13, p. 36.

² F. Engels, *Anti-Dühring*, Moscow, 1969, p. 136.

at will and as it chooses, for in actual fact the growth of mass activity is always chiefly due to objective causes.

The possibility of conscious and balanced direction of economic development under socialism does not by any means imply that the decisive role here belongs to the subjective factor rather than to objective conditions. Development continues to be rooted in objective conditions, while socialist society merely has the opportunity to avoid the waste resulting from uncontrolled development by consciously directing social development in concert with the objective conditions and the economic and social laws of socialism. Disregard of all that leads to subjectivism and, far from promoting society's advance, acts as a brake, slowing down economic growth and the rise of the people's well-being.

The state's economic practice is the more successful and effective the more complete and all-round its reliance on objective economic laws. That is why a policy is scientifically grounded only when it recognises the decisive importance of objective conditions, while reckoning with the paramount role of the subjective factor in realising the opportunities offered by these conditions.

But in pressing their line upon the Chinese people, a line for the fulfilment of which the country had no objective prerequisites or real possibilities, the CPC leaders had scant concern for scientific truths. They used the growing role of the subjective factor under socialism to create an illusion of its omnipotence and turn it into an absolute, never realising—or even wishing to realise—that the subjective factor could never become decisive on its own, but only on the basis of objective conditions, and that if subjective human activity ignored the objective conditions and real possibilities, it could become counterproductive.

Plans for the "great leap forward" were based on purely idealistic premises and were unsuited to the actual possibilities of China's productive forces. The country had nothing like the adequate capacities, financial resources or skilled manpower for their implementation. The large-scale capital construction in industry throughout the "great leap forward" period was not tied in with the availability of rolled metals, cement or timber, machinery, equipment or means of trans-

port, or adequate numbers of skilled fitters. As a result, many projects under construction had to be frozen in the years that followed.

Despite the fact that in the first six months of 1958 production in a number of industries, the iron and steel industry in particular, was considerably below target, an enlarged session of the CPC Central Committee's Politburo in August 1958 adopted a decision to double the output of steel, which naturally called for a switch of the country's entire resources into the iron and steel industry. Earlier plans for various industries were reviewed and new targets were set without any serious technical or economic justification. The new plans very soon turned out to be entirely out of touch with the material and technical supply possibilities. There was a shortage of fuel, raw materials and manpower, nor had account been taken of the actual engineering and transport capacities.

The Chinese leaders defined 1959 as "the year of another leap forward", but their original plan underestimated the role and significance of the economic difficulties that had already come to light during the first year of the "great leap forward". Under the original targets for 1959 in the iron and steel industry only about 50 per cent of the required iron ore, about 20 per cent of the coke, and 25 per cent of the refractory materials were supplied.

The plan for the engineering industry was largely based on the country's great need for equipment and the masses' revolutionary enthusiasm, quite failing to take into account that industry's production capacities, the availability of raw and other materials, components, skilled workers, engineers and technicians, and the quality of the final product. In the mining industry, targets totally ignored the possibilities of prospecting, the availability of machines and equipment, and also the technical possibilities for working proved deposits. In view of the big lag in the fulfilment of the original plan in the first six months of 1959, the plan had to be reviewed, but even then the targets remained much too high, agreeing very little with the country's real possibilities. What is more, despite the strong tensions and irregularities in the material and technical supply throughout 1958 and 1959, a highly overstated plan was adopted for 1960, and

when in the first quarter of 1960, 30 per cent of the annual plan was fulfilled and then only because of the unwarranted use of raw and other material reserves, production targets were raised even above those of the original plan. As a result, starting from the second quarter of 1960, heavy industry went into a progressive decline, which eventually led to overall cutbacks in every branch of the national economy.

In this way, instead of serving to accelerate production, the arbitrary attempts to set inordinately high growth rates regardless of the real possibilities led to an actual slow-down and even a drop in production, which could not but result in structural disproportions in the national economy and upset the normal course of reproduction. The point was that in 1958 steel was proclaimed, without any serious justification, to be "the main, motive force" and the decisive factor of the economic "leap into communism". The only ground was the metal shortage in engineering and the national economy as a whole throughout the foregoing years. But although the shortage was even more pronounced in the raw material, fuel, power and other industries, in the course of the "great leap forward" the country's major material, financial and manpower resources and substantial production capacities were switched to the iron and steel industry and its ancillary branches. The metal problem was exaggerated out of all proportion, being raised and tackled without any practical consideration for metal requirements in engineering and construction, the possibilities of the fuel and raw material base and, what is more, the possible damage to the areas of production from which the material, financial and manpower resources were being diverted. The practices of the "great leap forward" showed that the choice of the decisive factor had been wrong and subjectivist and that instead of helping to solve the problem of industrialisation, it had done a great deal to undermine agriculture—the other major branch of China's national economy.

Against the background of the markedly aggravated disproportions and the general decline in production, a new line was laid down, this time proclaiming agriculture to be the basis of the national economy. Here, too, the big lag in China's agricultural production was used to justify the introduction of that new "decisive factor". Agriculture had

an obviously important role to play in China's economic development, but upon the failure of the "great leap forward" the Chinese leaders turned it into an absolute. The line that agriculture was the "basis of development of the national economy" meant that capital construction (in heavy industry, in particular) was being wound down, the country-to-town flow of manpower was being reversed, the major financial and material resources were being switched to agriculture, and all the other branches of the economy were being geared to service agriculture.

Plans for the various branches of social production need to be strictly coordinated and fitted together in a single economic plan giving correct expression to the needs and actual possibilities of the economy. But just as the "great leap forward" plan for the development of metallurgy was not tied in with those for the other branches, the plans for agriculture at the "ordering" stage were not coordinated with those for industry and all the other branches of the national economy.

The fact that all the branches of the economy were now geared to service agriculture, as they were previously geared to service "back-yard metallurgy", meant a lopsided approach to the problems of economic development and violation of the basic proportions of socialist reproduction. The subjectivist choice of the key element, without due regard for the need to maintain all the proportions in social reproduction, led to the development of a single branch of the national economy to the detriment of the rest, and hindered the over-all process of proportional and balanced reproduction on an extended scale.

The violation in China's economic practice over the preceding few years of the need to maintain proportional economic development and an optimal balance between industry and agriculture, accumulation and consumption, the output of the means of production and of the articles of consumption, and so on, led to a decline in production efficiency and the emergence of major disproportions within the various industries and between sectors. Disregard for the objective need to coordinate the various branches in tackling major economic problems led to a waste of China's material and manpower resources.

The "great leap forward" proclaimed in the spring of 1958 virtually discarded the Second Five-Year Plan, which had been thoroughly elaborated by Chinese and Soviet experts, but no other comprehensive economic plan was worked out in its stead. It was decided that in 1958 the country was to be guided by three national economic plans: 1) a minimum plan for the centre adopted by the NPC session; 2) a maximum plan for the centre that was a minimum plan for the provinces; and 3) a maximum plan for the provinces that was a minimum plan for the regions, with the material resources being distributed in accordance with the most minimal plan. Under the slogan of fighting conservatism (understated plans) there was a general review of all earlier current and long-term plan targets. Thus, there were two versions of the national economic plan for 1959, five versions of the annual plan for engineering, and three—for the metallurgical industry. The national economic plan for 1960 was drafted in three versions (deviating from 20 to 30 per cent either way). As for local plans, targets for enterprises were changed dozens of times in the course of a few months. A typical fact was that in the course of the "readjustment" of current plans, changes were being made not only in production targets, but also in enterprise specialisation, so that many large enterprises had urgently to remodel their production and to establish new cooperation and material-and-technical supply connections. The frequent and economically unwarranted plan changes in the centre and in the localities did much to minimise their organisational role and had a negative effect on the work of industrial enterprises. Many of these stopped drawing up monthly, quarterly or even annual balances, and the state of their accounting and reporting deteriorated. Plan targets came to be regarded as being purely tentative and as something fettering the vigour and creative initiative of the masses.

Socialist construction is impossible without a long-term plan and a serious effort to make it a success. Nevertheless, ever since the virtual cancellation of the Second Five-Year Plan, China's national economy has not had any five- or seven-year targets, to say nothing of a long-term development plan. The absence of a national economic plan for a number of years ahead throughout the "great leap for-

ward", the "ordering" period and the "cultural revolution" has prevented China from finding the right solution to problems of the location and building of new industrial projects (power stations, metallurgical mills, large engineering plants, railway lines, and so on) or rational solutions for the problem of proportional development of national economic sectors. Let us also note that over the past few years China's wildly fluctuating growth rates have made it altogether quite difficult to find reliable points of departure for the elaboration of any long-term plan. Besides, there is also the weakness and inexperience of China's planning apparatus.

China's recent economic development had gone on not only without any long-term plan for a period of years, but also without any short-term plans formulated in good time (if at all). The economic confusion resulting from the "great leap forward" was so profound that throughout the entire "ordering" period starting in 1961, China's planning organs were quite unable to work out any realistic and well-grounded short-term plan. This will also be seen from the fact that it was only in July 1963 that the State Council finally got down to discussing the economic development plans for 1961 and 1962, simultaneously with the results of their fulfilment. The national economic plan for 1964 was the first of the recent plans to have been adopted in good time (in December 1963). The year 1966 was proclaimed to be the first year of the third five-year period, but neither the five-year plan itself, nor any of its targets have been published.

From 1966 onwards, it was not the new five-year plan that determined China's economic development, but the letters, directives and instructions issued by the CPC Central Committee's Group for the Affairs of the Cultural Revolution, which were given an arbitrary reading in the localities. In the general atmosphere of chaos and confusion resulting from the notorious "cultural revolution", many enterprises were no longer receiving any plan targets, some were closed down altogether, while others had their management dismissed or being constantly reshuffled. The new authorities insisted that production programmes came second to the "revolutionary spirit" of the industrial and office

workers. Special "groups" and "committees for the affairs of the cultural revolution" were made responsible for political work, and "groups for production management" answered for the fulfilment of the production plan. The latter, however, could not achieve their purpose, for workers were leaving their enterprises en masse and travelling to other towns to establish "revolutionary contacts", while many engineers, technicians and experienced managers were branded as "revisionists" and expelled from the enterprises. In the confusion that reigned throughout the country, the appeals of the new authorities to maintain order on the shop floor, refrain from damaging equipment, keep to the 8-hour working day, maintain labour discipline, and improve the quality of goods fell on deaf ears.

Let us note that the Chinese leadership has recently taken urgent measures to normalise economic management at the centre and in the localities, and that after a long break, the CPC Central Committee has reverted to discussing questions of national economic planning (CC session in August-September 1970). The Third Five-Year Plan (whose targets had never been announced) having been completed in 1970, 1971 was proclaimed to be the first year of the fourth five-year period, and a vigorous search was begun for economic methods that would also make it a year of "rapid up-swing" in production.

The Chinese leaders' "politics is the guide" line epitomises their poor knowledge of Marxist-Leninist theory, their underestimation of the economic factor and overestimation of the subjective factor and administration by fiat. Under this line, "ideological and political work is always the soul and guide of every kind of work".¹ The idea that politics is all-powerful stems from the Maoists' absolute view of the subjective factor, which has indeed become more important under socialism. Thus, Marxism-Leninism takes the growing role of the subjective factor to mean organisation of the masses and their involvement in vigorous and conscious activity, whereas the Maoists reduce the subjective factor to blind compliance with one man's will.

¹ *Second Session of the Eighth National Congress of the Communist Party of China*, p. 62.

The Maoists thoughtlessly snatch out of context the Marxist proposition that ideas become a material force when they take hold of the masses, a proposition which Marx closely tied in with the basic proposition of historical materialism that it is not ideas but objective socio-economic requirements that advance social development. They want to inculcate "Mao Tse-tung thought" upon the workers and peasants so as "to change the working people's spiritual make-up and convert spiritual power into a great material force".¹ Having taken up Mao's idea that the Chinese people are a "clean sheet of paper" which has nothing on it, but on which one can "write the newest and most beautiful characters and draw the newest and most beautiful pictures", China's present-day leaders believe that the men can be easily made to adopt any sort of ideas, which, upon being learnt by rote, become a "great material force". This approach to one of the basic questions of materialist dialectics has enabled the Maoists to say that the subjective factor, political will and violence in particular, plays the decisive role in history, regardless of the objective conditions. In practice, this attitude results in economic adventurism and attempts to solve all the social and economic problems by means of incessant "leaps" and "uninterrupted revolutions".

The Marxist-Leninist understanding of the correlation of politics and economics rests on the recognition that the political superstructure is conditioned by the economic system. "Men make their history themselves, only they do so in a given environment, which conditions it, and on the basis of actual relations already existing, among which the economic relations, however much they may be influenced by the other—the political and ideological relations—are still ultimately the decisive ones, forming the keynote which runs through them and alone leads to understanding."² Politics is ultimately determined by economics, that is, the development of the productive forces and the relations of production. But while being conditioned by economics, politics is also a powerful instrument which has an active

¹ *Jenmin jihpao*, July 1, 1966.

² K. Marx and F. Engels, *Selected Works*, Vol. 3, Moscow, 1970, p. 503.

influence on economic development, promoting or hindering the latter. Hence the great importance of pursuing the right policy, that is, a policy based on a sober view of the arrangement of class forces, and also of the actual economic conditions and possibilities for successful economic development.

The need for a correct political approach to the solution of any economic problem is expressed in Lenin's well-known proposition on the primacy of politics over economics. The Maoists have perverted Lenin's thesis and have turned politics into an absolute. They regard political dictates as a way to solve any economic problem, regardless of whether the objective conditions for its solution have matured.

Once the question of power has been settled, the future of socialism in any country depends on economic victory, on the restructuring of the economy on a new basis. That is why, Lenin wrote, it is the special feature of administration, which comes to the fore in a socialist state, that "for the first time in the modern history of civilised nations" economics comes to prevail over politics. He wrote that the "very basis and essence of Soviet power, like that of the transition itself from capitalist to socialist society, lie in the fact that political tasks occupy a subordinate position to economic tasks".¹

Solution of the economic tasks which come to the fore in a socialist state require large-scale day-to-day practical and businesslike activity by the Party, the state and the whole people. In present-day China, careful and thorough everyday economic efforts have virtually given way to mass campaigns in the spirit of "politics is the guide" principle, and almost daily meetings and rallies largely devoted to loud slogans, eulogies of "the great helmsman Mao", and adoption of assignments or reports on the study of his works. In analysing Russian facts and experience, Lenin spoke of the need to fight such things as political jabber, when too much attention is devoted to political harangues and much too little to the building of a new life, and said that congresses and conferences should not be turned into "propaganda meetings but into bodies that will verify

¹ V. I. Lenin, *Collected Works*, Vol. 42, p. 74.

our economic achievements, bodies in which we can really learn the business of economic development".¹

The Chinese leadership's neglect for the economic factor, its attempts to cut across objective economic conditions and its substitution of revolutionary phrases for careful and painstaking efforts in socialist construction have led to serious economic failures, which have prevented the potentialities and advantages inherent in the socialist mode of production from being realised, resulting in a waste of the masses' revolutionary energy and creative uplift.

Let us note that prior to 1958 some subjectivist mistakes in economic management were also made and had a bad effect on production. In the rehabilitation period (1950-52), these were caused by sheer inexperience and were the teething pains of the new society.

The Chinese leaders were right in regarding the shortcomings and inadequacies in economic management as a major cause of the discrepancies between the growth rates in the various branches and the partial disproportions in the national economy during the first five-year period. "The causes of these mistakes and shortcomings are inseparable from the shortcomings in planning, which consist in a lack of all-round coverage and deep-going study, inaccuracies and shortsightedness. All the aspects of the national economy constitute an organic whole. We have yet to make a better study, however, of the law of proportional and balanced development of the national economy, to gain an all-round understanding of the economic situation and display better foresight."² Thus, at one time attempts were being made to take a critical view of subjectivist mistakes but later, despite the shortcomings and gross blunders in economic policy which were no longer due to sheer lack of experience but rather to a disregard for objective laws, the CPC leaders declared that "owing to the guiding role of the correct Party line, our successes are always primary and our shortcomings are always secondary, and the successes always relate

¹ V. I. Lenin, *Collected Works*, Vol. 31, p. 514.

² *Documents of the Third Session of the First National People's Congress of the People's Republic of China*, Moscow, 1956, p. 69 (in Russian).

to the shortcomings as nine fingers to one finger".¹ Even when the disastrous effects of the "great leap forward" and the people's communes policy on the national economy had become obvious, the Chinese leadership continued to assert that these showed "the success won by the Party in the application of the theories of uninterrupted revolution and the development of the revolution by stages". Let us add that the Chinese leaders were not in the least perturbed by the fact that for several years the country had been reaping the bitter fruits of the "current" stage in the "uninterrupted revolutionary movement", with the working people having to pay the price of their subjective policy in toil, want and destitution.

To the successive acts of the national tragedy, which started in the late 1950s, the Maoists usually apply a "Sinicised" formula of the "uninterrupted revolution". This new version has come to mean the kaleidoscopic succession of the Chinese leadership's adventurist lines and voluntarist decisions.

In the early years of the Republic, the Chinese people worked very hard to complete the tasks of the democratic stage of the revolution and then to strengthen—in a gradual, consistent and balanced manner—the socialist sector of the economy, but ever since the latter half of the 1950s the leadership's economic policy has been such that none of the original tasks facing the people in the course of the socialist revolution has been consistently fulfilled. Cooperation "ahead of schedule", the subsequent "communisation" of the still rickety cooperatives, the sprawling and scattered capital construction alongside the failure to complete the key industrial projects, the line to let "a hundred flowers bloom and a hundred schools compete", and the subsequent "movement against Right-wing elements" with its victimisation of all the Party men, economic executives, statesmen and scientists who opposed or did not agree with Mao Tse-tung thought—all these have been described only as the tasks of the "uninterrupted revolution" being fulfilled in due time and signifying "the victory of the socialist revolution on the economic, political and ideological fronts". The Chinese leadership was in fact simply incapable of distin-

¹ *Hung chi* No. 16, 1959.

guishing between bold and correct strides towards democratic and socialist reform and "adventurous leaps of non-class, Narodnik socialism or of anarchism".¹

The decisions of the Sixth Plenary Session of the CPC's Eighth Central Committee in December 1958 said: "We are advocates of the Marxist-Leninist theory of uninterrupted revolution; we hold that no 'Great Wall' exists or can be allowed to exist between the democratic revolution and the socialist revolution and between socialism and communism. We are at the same time advocates of the Marxist-Leninist theory of the development of revolution by stages; we hold that different stages of development reflect qualitative changes and that these stages, different in quality, should not be confused."² Thus in word, but how in deed? The theory and practice of the past few years have made it quite clear that far from building a "Great Wall" between socialism and communism, the CPC leadership has totally broken with Marxism-Leninism in defining the phases of communist construction, first attempting to push Chinese society, with its multisectoral economy of the transition period, directly into communism via the people's communes, and then, having realised the futility of its attempts, to deny the very feasibility of socialism for generations to come, until it triumphed on a world scale. As for the qualitative changes mentioned at the Sixth Plenary Session, at every "new stage" of the "uninterrupted revolution" these have been purely deductive, being fitted with uncommon ease to Mao's every new "idea".

The Chinese leadership has learned nothing from the failure of the "three red banners" experiment, which threw the country's economy several years back. Their platform now rests on voluntarism and subjectivism in economic administration, and they have tried to impress upon the Chinese people the need to have production "guided by revolutionisation".

The "politics is the guide" thesis, advanced during the "great leap forward" and slightly shifted into the background

¹ V. I. Lenin, *Collected Works*, Vol. 8, p. 282.

² *Sixth Plenary Session of the Eighth Central Committee of the Communist Party of China*, p. 25.

during the "ordering" period, became the operative slogan in the days of the "cultural revolution". The sharp ideological and political struggle, with its recurring bloodshed, swept all the economic problems into the background. The ideas about contradictions within the people being perpetual and the class struggle becoming more acute in the course of the socialist construction were put into practice. The Maoists described their notorious "cultural revolution" as "another task of the uninterrupted revolution advanced at the right time", whereas in fact it was a political plot to remove all those who were coming out, openly or otherwise, against the Chinese leaders' unscientific and nationalist ideas being realised or perpetuated. However hard the Maoist ideologists, donning a "Marxist" mantle, strive to present the "cultural revolution" as "one of the most revolutionary stages" in the continual, "uninterrupted revolution", honest and sober-minded men will always regard it as one of the darkest periods of Chinese history.

THE DEMOCRATIC CENTRALISM PRINCIPLE AND THE "MASS LINE"

The Leninist principle of democratic centralism is the major principle of economic administration under socialism and means the need to combine centralised planned economic administration with local initiative and the masses' broad involvement in planning and management. The need for centralised planned administration stems from the very essence of the socialist relations of production, which are based on social property in the means of production. Lenin wrote: "Large-scale machine industry ... calls for absolute and strict *unity of will*, which directs the joint labours of hundreds, thousands and tens of thousands of people."¹ But unity of will, like unity of purpose and coordinated development of all the branches of the national economy, far from excluding, in fact implies the working masses' active involvement. Lenin wrote, that "centralism, understood in a truly democratic sense, presupposes the possibility, created for the first time in history, of a full and unhampered development not only of specific local features, but also of local inventiveness, local initiative, of diverse ways, methods and means of progress to the common goal".² At the same time, Lenin urged that a strict distinction be made between the two categories of democratic functions: on the one hand, rallies, meetings and debates, and on the other, the strictest responsibility for executive functions and the uncon-

¹ V. I. Lenin, *Collected Works*, Vol. 27, p. 268.

² *Ibid.*, p. 208.

ditionally businesslike, disciplined and voluntary execution of the orders and instructions required to make the economic machinery function like clockwork.

In the PRC, the Party's "mass line" came to be viewed as one of the best methods for implementing the democratic-centralism principle in economic management, while the "decisive link" in carrying that line through was to strengthen "the leadership of the Party committee" at the enterprises and to bring into play "the role of all Party members at the enterprises".¹ To strengthen Party leadership at the state industrial enterprises, the CPC Central Committee decided, back in late 1956, to introduce a system of personal executive responsibility under the Party committee's leadership.

The question of Party leadership at the state industrial enterprises was tackled in different ways at the various stages of socialist construction in China. In the early years of the people's power, the local Party committees were usually in charge of the entire rehabilitation and democratic-reform work at the state industrial enterprises. These were mostly managed through a system combining leadership by the Party branch with every worker's personal responsibility for his assignment. Although the system was not entirely free from discrepancies caused by the fact that Party committees sometimes tended to take the place of the management, which led to some confusion in the running of the enterprises, the Eighth National Congress of the CPC pointed out that on the whole the Party had the guiding role at the enterprises, which ensured the successful fulfilment of the tasks proclaimed.

With the start of the first five-year period a one-man command system was consistently introduced in various districts and industries throughout the country to improve production and management at the enterprises. The system helped to do away with irresponsibility in management and to normalise shop-floor procedures. At the same time, one of the conclusions reached by the Eighth National Congress of the CPC was that the one-man command system that had operated at

¹ *Eighth National Congress of the Communist Party of China*, Vol. II, Peking, 1956, p. 315.

China's enterprises in the first five-year period had vested too much power in the executives and markedly reduced that of the Party committees, restricting their role in production and administration to that of control and of ensuring the fulfilment of plans. Later on, especially after the start of the "great leap forward", the one-man command system was declared to be unfit for use in Chinese conditions because, it was being said, it "does not recognise the Party's leading role at the enterprises, neglects involvement in management of workers and staff, inevitably weakens political and ideological work at the enterprises, and gives rise to red tape, administration by fiat, smugness and complacency", in short, it fails to meet the requirements of the "politics is the guide" principle and the "mass line".

The "mass line" in economic practice was nominally said to be helping the state "to further the growth of democracy and to be very keen about gathering and summing up opinions from the masses",¹ so as to mobilise all the active factors at the enterprises, develop the initiative and creative abilities of broad masses of workers and staff, and ensure all-round fulfilment of the state plan. In actual fact, however, the "mass line" has become a means for justifying any arbitrary act from the top or confusion in the localities.

China's ramified administrative apparatus, staffed with about 20 million regular personnel, is claimed to be acting on behalf of the masses, but is in actual fact obliged obediently to carry out (by any means at its disposal) the orders handed down from the top. As a result, it is being turned into a blind tool for implementing voluntarist one-man decisions from above, while the working people are in effect being denied conscious participation in production management and state administration. The fulfilment of the supreme power's voluntarist, economically groundless tasks naturally invites anarchy at every level of the executive hierarchy, thus bringing to naught the whole rational and necessary setup of centralised administration and production.

¹ *Ibid.*, p. 150.

For over ten years now, the Chinese leadership has done little more than give a general outline of the tasks facing the people in one period or another, saying, for instance, that it was necessary to "overtake and surpass Britain over the next 15 years", or to "double production by 1958", or "in the course of three years of persistent struggle to effect changes in the essential aspect of most of the country's areas". The same thing applies to the instruments used in tackling these tasks. The people have been told "to bend every effort and strive forward to build socialism by achieving greater, faster, better and more economical results", to gear every branch of the economy and to switch tens of millions of working men first to "back-yard metallurgy" and then to agriculture; to be "thrifty and industrious in state construction", "to have faith in the Party, to have faith in the masses", and to "follow the 'politics is the guide' principle and the 'mass line' in socialist construction". The leadership has failed to take the least notice of the fact that economically mature tasks are the only ones that can be tackled with success, by building the appropriate material and technical conditions for their implementation, and that the "mass line" can produce the necessary effect only where the central planning and administrative bodies retain their guiding and coordinating role.

At the time of the "great leap forward", democratic centralism in China was already replaced by a conglomerate of rigid dictates from above (the government's voluntarist and scientifically groundless "general guidelines") and downright anarchy in the localities, where the local men gave their own reading to these guidelines, carrying the latter out in accordance with their own lights. That was how the principle that "big power rests with one person and small power is distributed among many" was being implemented throughout the country.

The industrial planning and management reform started in 1957 was designed to promote local initiative without hampering centralised control. From 1958 onwards, however, once squeezed into the framework of the "great leap forward" and the "mass line", the reform was carried on in a hasty and arbitrary manner, without the necessary conditions being studied or their existence verified. As a result,

centralised planning and management was virtually wound up. By mid-1958, the ministries and departments had in fact withdrawn altogether from planning and management at the enterprises, and had handed these functions over to the local organs without so much as taking the trouble to ensure future conditions for material and technical supplies and cooperated deliveries. The old cooperative links between enterprises, established and maintained by the ministries, had already been eroded, whereas new ones were yet to be established, because the administrative machinery in the localities was unprepared to handle the numerous enterprises that had previously been subject to centralised control. In the course of the reform, no strict limits were set to the powers of local bodies and industrial executives, and that was why factories that had once cooperated with each other often refused to fulfil normal orders on the plea of other assignments from the provincial agencies. Taking no account of state plans, these agencies began changing the plans and lines of specialisation of the enterprises placed under their control, orienting themselves on local needs and resources, and launching the construction of many new industrial projects without any prior plans or estimates and even without sanction from above. Under the dual-administration system, local agencies often raised, of their own accord, production targets for enterprises of central subordination. As for local-subordination enterprises, the local agencies set their targets without the slightest consideration of the plans handed down from above. As a result, neither the former nor the latter had any stable or realistic annual plans for their economic activity.

These parochial tendencies were obviously furthered by the absence of due centralised control over the fulfilment of plans, and by the local agencies' broad powers to modify production, financing, and capital construction plans.

The established regulations for design, financing and construction came to be regarded as conservative and ill-adapted to the "great leap forward" and the "mass line". Since the top rulers' guidelines said that industry was to be promoted in every possible way, the banks were always ready to finance any construction schemes and altogether

gave up their control over the use of the enterprises' circulating assets. What is more, at some industrial enterprises local powers were broadened out to the extent that even production shops were allowed to purchase their own raw and other materials wherever they chose and to sell their finished products.

In the course of the management reform, the development of democracy at the enterprises assumed perverted forms. The extremely important planning, design, and safety-measures departments, and those of chief technologist, chief mechanical engineer, and chief power engineer were eliminated, their factory-wide functions being handed over to the shops, brigades or even to men on the shop-floor: to use a term current among Chinese specialists, "everything was handed down". The workers drew up their own plans and set their own rates; decided on the technology to be used, making changes wherever they pleased; substituted metal grades or materials as they saw fit; made their own designs or altered the drafts and projects they had been given; and controlled operations, technical standards and accounting. Even major technical questions were just about decided by a show of hands. It often happened that even after the shop management had taken its decision, the worker carried these out with his own changes and additions, without tying the latter in with other allied operations, so that the various defects and discrepancies would subsequently come to light in assembly and testing operations. Workers' brigades were empowered to improve technologies, drafts and blueprints. Hence the total lack of responsibility for the work being done, the sharp drop in technological discipline, and the increase in spoilage and breakdowns. At the same time, skilled staff engineers and technicians were made to do workers' jobs to be "seasoned through labour".

Old Chinese workers were ironic about these innovations, listing "ten big 'as and when you like it's": "start work when you like, stop work when you like, work as you like, eat when you like, rest when you like, debate when you like, hold meetings when you like, be absent when you like, work or not—as you like".

From a Leninist standpoint, the mass line does not only

imply the need for close bonds with and reliance upon the masses, but also the fostering of conscious discipline among the masses, and general subordination to a single will. But the Chinese version of the "mass line", as well as the "politics is the guide" line, has proved to be incompatible with one-man command.

Lenin wrote of the popular belief "that one-man dictatorial authority is incompatible with democracy, the Soviet type of state and collective management. Nothing could be more mistaken than this opinion. The democratic principle of organisation ... implies that every representative of the masses, every citizen, must be put in such conditions that he can participate in the discussion of state laws, in the choice of his representatives and in the implementation of state laws. But it does not at all follow from this that we shall permit the slightest chaos or disorder as regards who is responsible in each individual case for definite executive functions, for carrying out definite orders, for controlling a definite joint labour process during a certain period of time."¹ Lenin said that if the masses were to be involved in active production management, there had to be the prerequisite of universal literacy, and millions of workers had to be "trained and disciplined" through the large-scale and complex social machinery of large factories, railroads, and so on. In this respect, Chinese practice over the past few years has been affected by the weakness of the working class, which has not been "trained and disciplined" at large factories, by the considerable number of illiterates, and, most importantly, by the deliberate playing down of the role of science, education and technical expertise.

Lenin wrote that if one was to learn how to govern Russia, one had first to learn modesty and respect for the efficiency of scientific and technical experts, without whose involvement in economic management transition to socialism could never be achieved.²

The Chinese leaders, on the contrary, believe men with specialised education to be conservative and counter-revolutionary, for it is they who have been coming out

¹ V. I. Lenin, *Collected Works*, Vol. 27, p. 212.

² *Ibid.*, p. 248.

against the plans for whose implementation the country has no realistic possibilities. They claim that only those whose "creative abilities are not limited in any way"—that is, technically ignorant men—have the "revolutionary courage" to act as production managers. The Maoists' obvious hostility to scientific and technical expertise and experience becomes quite clear in the light of the fact that in technoeconomic terms their economic policy over the past few years has had very little scientific grounding. During the "great leap forward", specialist know-how and experience were being constantly reviled for their allegedly excessive attention to material and technical conditions and material incentives, and their disregard of the "politics is the guide" principle and the "mass line".

The slogan of "smashing all preconceptions and freeing the mind from its fetters" boiled down to abolition of all the old and scientifically grounded regulations, technical standards and estimates. On the pretext of "developing the technical revolution and the masses' technical innovation", existing technological processes and technical standards were abolished or reviewed without any reason, operating conditions for machinery were inadmissibly changed, and designs and blueprints oversimplified, which led to frequent breakdowns, spoilage, damage to equipment and much waste.

Although technical innovation in itself is an important factor promoting fast growth in production, during the "great leap forward" that movement assumed a perverted form: to make performance keep pace with the "leap" plans, it was blown up out of all proportion, artificially spurred on, and overdramatised. The number of rationalisation proposals was the yardstick in assessing innovators' achievements, but very little was done to analyse, verify, generalise or apply these proposals to production. In 1958 alone, more than 10 million rationalisation proposals were made in industry, and in the first quarter of 1960, another 10 million or so were recorded in 40 of the country's major cities. At some enterprises, press reports said, such proposals ran into tens of thousands. Thus, in August 1959, more than 39,000 proposals were put forward at the enterprises of Tientsin (nearly three times the preceding monthly figure), while in

the first decade of September the figure was more than 34,000. Most of these proposals, however, were fairly primitive, and were only advanced for the sake of numbers, something which often nullified the effect that could have resulted from the more valuable and necessary proposals. Many proposals, applied to production without proper study, yielded no telling results.

The disregard of science-based technical rules and conditions led to vulgar oversimplification in important technical and production problems. On the plea of economising metal, eliminating superfluous details and complexities, and so on, machine designs were rough hewn, the number of machine and assembly units and mechanisms were reduced, metal grades for basic components were altered, surface treatment was less thorough, the required tolerances were not observed, and components were often worked without any blueprints at all. In the tool-making industry, for instance, carbon steel was overwhelmingly substituted for rapid steel, which reduced quality and caused nearly 10-fold departures from the standard. Many factories used pig iron instead of steel to make various components, and failed to anneal important components. Furnaces in the cement industry were made to yield more through an increase (beyond the admissible limit) of the fuel and raw material feed and the air supply, which worsened their technical and economic specifications and increased fuel consumption. In the iron and steel industry, smelting was speeded up through an increase in pressures and temperatures and the intensification of chemical processes to well beyond the capacities of the equipment, which led to a drop in the share of good metal and more frequent breakdowns.

Let us point out that in his speech at a conference on capital construction in December 1958, the then Deputy Chairman of the CPC Central Committee, Chen Yun, dealt with the shortcomings arising from the disregard of standards in the use of equipment, the cancellation of existing regulations, and the changes in technology. He said: "Substitutes must be used, but it is also wrong to use them irrationally. Thus, for instance, if some shops at large metallurgical plants require steel reinforcement—steel reinforcement it has to be, and if they require reinforced-concrete structures—

reinforced-concrete must be used. That is neither conservatism nor a squandering of resources, but a realistic approach to the business.... If some truly irrational rules still exist, these must be cancelled, but indiscriminate abolition of necessary and rational rules should never be made. This is similar to the question of liberating ideology and renouncing blind faith: it is not right to abolish science on the pretext of fighting blind faith."

However that may be, the outcome of the "great leap forward" made the Chinese leadership agree to redress some of the grosser errors: the enterprises began to reintroduce the technical control, chief mechanical engineer and chief technologist departments, and to reassert technological discipline.

At the "ordering" of the economy stage, steps were taken to "set up and normalise a system of responsibility for the various services and specialised personnel in the sphere of production, technology, supply and marketing, transport, finance, and life in general".¹ In the "ordering" period, the establishment of a responsibility system, the restoration of technological discipline and some rules and regulations, and the vesting of wider powers in the directors and technical experts helped to normalise production at the enterprises.

The newly established order, however, was once again upset by the 1966 "cultural revolution". The rules and regulations in force at the enterprises went the way they had once gone during the "great leap forward". Most of the experienced regular staff and technical experts were declared to be "revisionists", while the newly installed administrators and technicians were chosen from among the "revolutionary elements", men without any know-how but brimming with the "revolutionary spirit". A wide campaign was launched to eliminate the division-of-labour "barrier" between the regular staff and the workers, which was done by sending technical experts forth "into the midst of the masses". The one-man command system was now bluntly proclaimed to be "black revisionist merchandise", and the "experts run the enterprise" idea was attacked. Under the Anshan Charter—widely

¹ *Jenmin jihpao*, June 3, 1964.

advertised over the past few years—production should not be governed by experts, but by "the reds", that is, men who have proved their loyalty to Mao Tse-tung. It was being said that in running enterprises one had to abide by "Mao's ideas", to bring politics to the fore, to extend the mass movement, and to follow the line of having officials take part in productive labour, and workers—in management.¹

As for the question of Party leadership, implementation of a decision on the establishment of political sections at the ministries, departments, and enterprises to "combine political and economic work" was started in 1964. The political sections were appointed by higher Party organisations and were subordinate to the political sections at the corresponding departments of the CPC Central Committee. Personnel for the political sections was chiefly recruited from the army's political staff, who were to carry out the slogan of "learning from the People's Liberation Army of China".

The campaign for "learning from the PLAC" was the first step in restructuring the work of the Party and state agencies on army lines. The military spirit was injected into discipline at the enterprises, and the official administrative subordination was increasingly supplemented with military-administrative subordination.

In the course of the "cultural revolution", the country's political and economic life was placed under full military control. Spokesmen for the PLAC or the home guard were introduced into administrative institutions, mass organisations, plants and factories, production brigades, and trading, financial, cultural and educational establishments. "Provisional producer commands", with compulsory army participation, were set up at the enterprises.

The establishment of a military-bureaucratic regime in China has done away with all Party and state democracy, making it impossible for the masses to take a conscious part in running production. The Maoists, however, presented the street demonstrations, the wild acts and words of the runaway "revolutionary elements", and the flirtatious inclusion of men from the masses into "governing bodies" as exempli-

¹ *Jenmin jihpao*, October 30, 1968.

fying "major proletarian democracy", and "further development of Chairman Mao's mass line". True, the press has recently carried more and more articles criticising "polycentrism" and "sectarianism", which means that the Chinese leaders, who had already been taught a hard lesson in that respect during the "great leap forward", were alarmed over the growing anarchy in the localities.

THE "WAVE-LIKE DEVELOPMENT" THEORY

A most important special feature of socialist reproduction is its continuous nature and the high and steady economic growth rate resulting from balanced development of the national economy in the conditions of socialist property. Reproduction in any form requires a definite correspondence between the various parts and elements of social production. Under capitalism, this is usually attained haphazardly, as something of an average among the ceaseless fluctuations arrived at through bitter competitive struggle between capitalists, between monopolies, and within monopoly groups. Under socialism, the interconnection between the various aspects of production is established in a special, balanced manner, a major element of the latter being the constant and consciously maintained proportional development of social production.

The socialist state aims its economic activity to establish this kind of *constant* and consciously maintained proportional development. The absence of economic crises under socialism does not, of course, rule out any partial and temporary disproportions at some periods in some sections of the national economy resulting from errors and mistakes in the drafting of plans, from failure to fulfil plans in some branches owing to inadequate utilisation of growth potentials, and also from natural disasters. The socialist state has all it needs to overcome through planning any partial disproportions that might arise by making use of state reserves and redistributing material, financial and manpower resources to

speed up the development of the lagging branches. Scientifically drafted plans, based on conscious use of the objective laws of socialism and free from any harebrained schemes or stage-skipping, enable the state to prevent economic disproportions in good time by ensuring adequate economic reserves as a condition for high and stable growth rates, smooth operation of enterprises, and continuous growth of the people's well-being.

Over the past few years, one doctrine widely current in China has been that socialist reproduction is not distinguished by any continuity of high and stable development rates, but by constantly recurring imbalances in the economy, resulting in "wave-like" economic development. "The record of our economic construction makes it clear that socialist economic development is no straightforward advance, but is a wave-like movement forward, a process of spiral ascent, which is tied in with the uninterrupted leap forward in this country's economy, that being the main distinctive feature of extended socialist reproduction."¹ Since the foregoing, as well as many other interpretations of the "wave-like development" doctrine refer to the economic record of the PRC, it would be well to analyse the development rate of the Chinese economy and the various underlying factors.

The advantages of the new social system stood out most clearly during the planned and progressive development of the Chinese economy. In pre-revolutionary China, the industrial growth rate was extremely low in view of the frequent alternation of periods of fairly rapid growth in the various branches and those of equally rapid decline (from 1912 to 1949, the growth rate in most lines of industrial products averaged from 1 to 4 per cent a year), whereas after the revolution, up until the "great leap forward", every industry grew at a fairly high and relatively steady rate. Thus, in the rehabilitation period the annual industrial increment averaged 34.8 per cent, and during the first five-year period—18 per cent.

One must point out, however, that although the industrial growth rate, say, in the first five-year period, was on the whole very high, it tended to fluctuate from one year to

¹ *Takung pao*, June 2, 1961.

another: from 30.2 per cent in 1953 to 5.6 per cent in 1955. These fluctuations were due to a whole range of factors, which may, in our opinion, be classed under two heads: 1) the low level of the productive forces, and 2) the difficulties and shortcomings in planning and economic management.

The fluctuations in the growth rate during the first five-year period differed from one industry to another, being insignificant in the heavy industry but fairly pronounced in the light industry. That was due to the fact that light industry is largely dependent on agricultural raw materials, whose availability is in turn determined by the state of agriculture. The figures on the share of industrial goods produced from agricultural raw materials in the gross output of industry as a whole, that of light industry in particular, give a good idea of the vast influence China's agriculture has on the development of her industries, light industry above all. During the first five-year period (with little changing since then), from 50 to 60 per cent of total industrial output and more than 80-90 per cent of that in the light industry was based on farm produce. That naturally meant that the state of agriculture had an overriding effect on the growth rate in the light industry and a significant direct or indirect effect on total growth in industry as a whole.

As for agriculture, the state of affairs here was largely due to the extreme backwardness of its technical base. The point is that during the first five-year period industry was still unable to supply agriculture with the means of production in more than very limited quantities. Here are some figures for the first and the last year of the five-year period: 0.6 million and 1.9 million tons of chemical fertilisers, 19,000 and 149,000 tons of toxic chemicals, 14,000 and 265,000 h.p. of power machinery, and 2,000 and 24,000 tractors in operation (in 15-h.p. units). These means of production were spread out over something like 110 million hectares of ploughland (or 150 million hectares of sown area). In these circumstances, the crop clearly depended almost entirely on natural conditions. In 1952, favourable weather helped to take in a good crop, so that the following year the country's industry, abundantly supplied with raw materials, increased its output

by more than 30 per cent. In 1953 and 1954, however, in view of several grave natural disasters, there was a sharp drop in raw material deliveries to industry, whose output the following year was up by only 5.6 per cent. Then again, the fresh bumper crop of 1955 helped to raise the 1956 industrial increment to 28 per cent, whereas the natural disasters of 1956 cut back industrial growth in 1957 to 11 per cent.

Hence, a major cause of the fluctuating growth rates during the first five-year period lay in the extremely low level of China's productive forces, which made her agriculture much too dependent on natural conditions, and her light industry (owing to the backwardness of her chemical industry) on the supply of farm raw materials.

But there were also other significant factors behind the year-to-year fluctuations in the industrial growth rate during the five-year period, notably, various aspects of planning, administration and management of the national economy.

A country so recently embarked upon the socialist road could naturally have no experience in national economic planning or practical skill in taking due and correct account of the requirements resulting from the operation of objective economic laws in the concrete situation in the country. It was not only a matter of inexperience, but also of the exceptional difficulties in making a correct assessment of the country's resources and requirements, establishing the right order of priorities for the development of every branch in line with the extremely scarce resources, and coordinating the development of the various economic branches in a country of China's size. There was an acute shortage of skilled personnel, and their training would take time. These difficulties were making themselves felt through the various discrepancies and miscalculations that turned up in production, giving rise to some disproportions in economic development and affecting the growth rate in industry and the national economy as a whole. These difficulties and shortcomings were mentioned at the NPC sessions and the CPC Central Committee's plenums. Thus, a government report to the First Session of the NPC in September 1954 said that although some headway had been made in the planning of industrial production and building towards improving

management on planned lines, setting up a responsibility system, improving technical management, and so on, the difficulties and shortcomings were still evident and showed, above all, in the fact that while many enterprises or even ministries found their targets too low and easy to meet, others failed to reach theirs altogether. The report said: "Obviously, there are many objective difficulties which cannot easily be overcome in a short period. But there are many cases where faults are due to inadequate personal effort and mistakes in work—cases of lack of balance between supply, production and sales, cases where types and specifications of many products do not meet requirements, no proper tie-up between surveying, prospecting and designing, and the actual construction work; and cases where municipal planning of industrial cities and industrial construction have been undertaken with no proper considerations given to communications and transport."¹ A similar idea was written into the First Five-Year Plan for the development of the PRC's national economy adopted at the Second Session of the NPC in July 1955. The plan said that "the lack of adequate experience in planning, and also the inadequacies of our statistics are bound to affect the accuracy of the plan. That is why, as the plan is being fulfilled, we must give timely attention to the coordination of planning work with the actual state of affairs and, on the basis of the masses' practical experience and creative initiative, make a constant effort towards better and more precise planning".² In fact, however, there was very little "coordination of planning work with the actual state of affairs". In view of the crop failure in the two preceding years, the 1955 plan provided for a cut-back in the scale of capital construction and, in the course of the economy drive that same year disproportionate cuts were also made in investments into nonproductive capital construction. Besides, the capital-construction plan was repeatedly altered and was handed down to the lower echelons with much delay, which resulted in its con-

¹ *Documents of the First Session of the First National People's Congress of the People's Republic of China*, Peking, 1955, p. 85.

² *Documents of the Second Session of the First National People's Congress of the People's Republic of China*, Moscow, 1956, p. 255 (in Russian).

siderable underfulfilment. Hence the excessive financial residues, and also the temporary and imaginary surpluses in various important building materials, like cement, timber, and rolled steel. It was subsequently pointed out that the temporary freeze on these resources could have been avoided, provided reserve projects had been prepared beforehand, the scale of construction extended in good time, or the stock-piles of some material resources increased in a planned manner. The temporary surpluses, however, were taken for lasting ones, so that the difficulties with the temporary surpluses of cement and rolled steel were resolved through export. That "solution" was all the more inappropriate in view of the subsequent acute shortage of these materials.

Some annual fluctuations in the economic growth rate were naturally bound to result from the low level of China's productive forces, as yet unable to guarantee steady crops or provide her light industry with chemical raw materials, and also from the flaws in planning and management. But far from being a specific and regular feature of socialist economic development, these fluctuations were due to the backwardness of the country, which had entered the socialist road with her productive forces at an extremely low level.

There is no doubt at all that as the productive forces developed and the country gained experience in economic planning, the impact of these factors on economic development could have been alleviated. The First Five-Year Plan said: "We can avoid some mistakes by making a serious study of the advanced experience of socialist construction in the USSR. Assistance from the Soviet Union and the People's Democracies is an important and favourable condition for our planned economic construction."¹

Practical experience gained in the course of socialist construction and the considerable expert assistance in planning techniques made available by the Soviet Union and other socialist countries did a great deal to improve China's economic practices. On both counts, the planning bodies and economic executives naturally had to put in much effort and striving for a fuller knowledge of Marxist-Leninist

¹ Documents of the Second Session of the First National People's Congress of the People's Republic of China, p. 255 (in Russian).

theory, and to make a constant and careful study of objective economic laws and of China's concrete conditions and economic potential. But from late 1955 onwards, there was an unjustified attempt to speed up socialist construction in China, an attempt which sprang from an overrating of the country's actual possibilities, and an exaggeration of the role of subjective effort, moral factors and administrative instruments in economic construction.

The speeding up of cooperation in agriculture and the handicraft industry, and of socialist transformations in capitalist industry and trade were followed by an attempt to forge ahead with industrial development. Although the 1955 bumper crop helped to improve raw material deliveries to industry and somewhat to increase the rate of industrial growth, the more than 60 per cent increase in capital investment earmarked for 1956 with an eye to that crop was obviously unrealistic. In being handed down to the localities, the targets throughout the country as a whole were raised still further. The volume of nonproductive construction was also increased out of all proportion. All this led to overstrain in the material and equipment supplies to industrial and building projects; to a rise in the number of unfinished projects, those of no vital importance in particular; and to a scattering of material and financial resources. At many building sites, time was being wasted owing to a lack of materials, so that these projects could not be put in operation in due time. According to the State Statistical Board, one-fifth of all the projects to be started in April 1956 could not be completed in time because of a shortage of building materials and equipment, and after May, when the number of projects to be started increased, difficulties of this kind became even greater.

The attempt to force industrial development also led to consequences of another kind: in the quantity drive less attention was being devoted to quality and economy in production. In 1956, for instance, the proportion of barren rock in the coal extracted at nearly all the pits subordinate to the Ministry of the Coal Industry (with very few exceptions) went up as compared with 1955. In some ministries, prime costs were higher than planned. Thus, the chemical department at the Ministry of Heavy Industry exceeded

its target costs by 1.4 per cent, and under the Ministry of the Coal Industry, the per-unit cost of rough coal was topped by about 4 per cent.

In view of the tautness in the supply of raw and other materials, many enterprises tended to "hoard" their raw material stocks, so that at some enterprises these were above the normal level or even the amount necessary for operation throughout the whole of 1956. Thus, for instance, the actual stocks of low- and medium-grade steel at Factory No. 437 subordinate to the First Ministry of Engineering were two or three times the normal level, while the seamless-pipe stock was 20 times the normal level—an amount that would last for 1,400 working days.

The unwarranted step-up of socialist reorganisation concurrent with the transformation of capitalist industry on sectoral lines also had a negative effect on the work of industrial enterprises. Since the old cooperative relations had been disrupted, whereas new ones were slow in emerging, there were various discrepancies in raw and other material supplies.

Then there was also some excessive emphasis on record-breaking in industry "on the crest of the general tide of upsurge", which often upset the internal balance that had once existed at the enterprises. Management and organisation at the enterprises could not keep pace with the changes, which led to endless waiting for undelivered materials, tools or blueprints, or for components to be received from other enterprises by way of cooperation. As a result, the enterprises were unable to boost production on the basis of the newly emerging proportions.

The "great leap forward" rehearsal of the preceding year and the disturbances it had caused in production had to be offset in 1957 by some sort of ordering in the economy, all the more so since the Eighth National Congress of the CPC in late 1956 denounced the attempts to run ahead and to abandon the method of gradual advance to socialism. The 1957 plan cut back on capital construction as compared with the actual fulfilment of the plan for 1956; the number of workers in building outfits was consequently reduced, so that by the end of the year the state of finance, raw and other materials, fuel and equipment was more or less normalised. The tide

generated in economic construction in 1956 quickly subsided in 1957 and was therefore relatively painless. Its emergence, however, had no longer been due to objective difficulties and miscalculations resulting from inexperience, but rather to a deliberate refusal to reckon with the requirements of objective economic laws.

The decisions adopted by the Second Session of the Eighth National Congress of the CPC showed that the Chinese leadership was bent on rejecting the method of planned and progressive economic development, which took account of the collective experience of socialist construction in the countries of the world socialist system, and adopting the voluntarist method which maintained that "the diverse forms of labour and production must be carried from the crest of one leap to the crest of another".¹

Industrial development from 1958 to 1960 was marked by the fact that the "great leap forward"—the unprecedented step-up in the rate of socialist construction in defiance of the existing economic laws—had now magnified many times over all the problems and difficulties facing the Chinese economy in the final stages of the first five-year period and resulting from the attempt somewhat to increase the rate of socialist construction.

The leap, which began in 1958 with a sharp upturn in production, was in fact sustained until 1960, although from 1958 onwards it was marked by a considerable drop in the industrial growth rate on the one hand, and, on the other, by mounting economic difficulties in matters of coordination between the various branches, and the supply of fuel and basic raw and other materials, difficulties that went hand in hand with monthly, quarterly or semi-annual slumps in production.

According to official Chinese data, the industrial growth rate over the three years averaged about 40 per cent, changing from year to year as follows: 1958—66 per cent, 1959—39.3 per cent, and 1960—18.5 per cent. Let us note, however, that these figures included considerable quantities of sub-standard and incomplete goods.

¹ Kwangming jihpao, April 21, 1961.

Much of the industrial growth in the early years of the second five-year period was naturally due to the large modern industrial enterprises built in China during the first five-year period with the assistance of the Soviet Union and other socialist countries. Industrial growth in the "great leap forward" was not only achieved from the earlier built enterprises, but also from the newly launched large projects whose construction had continued in the second five-year period. In 1958 alone, something like 700 extra large projects, notably 45 major industrial projects being built with Soviet assistance, were completed in part or in full. In 1959, the figure was 671 enterprises, and in 1960, another considerable number of large industrial projects were put in operation. From 1958 to 1960, newly built large and medium coal pits had a total capacity of about 55 million tons of coal; the generating equipment of all the newly built large power stations had a rating of about 6 million kw; and the textile industry increased its capacities by 3 million spindles. Owing to the completion of some new blast and open-hearth furnaces at the large metallurgical enterprises, the iron and steel industry also increased its capacities. In some periods, the increase in production at a number of large enterprises was achieved through an improvement of their technical and economic indicators and an increase in labour productivity. Large modern enterprises naturally did a great deal to boost industrial production during the "great leap forward", but their capacities (though growing) could not ensure the enormous increase envisaged in the plans for the "great leap forward" that was to "double production" in 1958 alone.

That is why the main emphasis was on the massive building of small enterprises, based on "simple" or, rather, primitive methods of production. In the nine months of 1958 alone, 7.5 million small industrial enterprises were built throughout the country (6 million of these—by the people's communes). Something like a million small iron smelting furnaces, hundreds of thousands of mini converters, and more than 10,000 minor coal pits were built in the three autumn months of 1958 alone. The massive building of small industrial enterprises naturally called for much manpower and also for large material and financial resources. In the autumn

of 1958, something like 60 million industrial and office workers and farmers were employed only in "back-yard metallurgy", and nearly as many were involved in providing services for the "back-yard furnaces". More than half the total capital investment in industry went into small-scale construction. In 1958 alone, the back-yard iron-smelting furnaces used up tens of millions of tons of ore, coal and coke. Many large engineering plants were switched over to the production of equipment for the smaller enterprises. Besides providing technical assistance in the construction of small furnaces, the large metallurgical plants also had to help them out with ore, coke and fire-proofing. Tens of thousands of workers from the modern enterprises were sent to service the "back-yard furnaces", their place being taken by apprentices.

But owing to the very low technical level of the smaller enterprises, their primitive production technologies, and the low-skilled manpower they chiefly employed, their output was of such low quality that it was usually unfit for further use. That is why more than 3 million tons of steel and 4 million tons of pig iron smelted in the "small, traditional" furnaces in 1958 were subsequently excluded from the overall production figures. Having produced metal that was mostly unfit for use, the "back-yard furnaces" in effect sent up in smoke vast resources, whereas the large industrial enterprises were often faced with acute shortages of basic raw and other materials, fuel, and skilled manpower. What is more, the substandard raw materials coming in from the small enterprises and the constant breaches of technological discipline led to more spoilage at the large enterprises, which sometimes amounted to as much as 20 to 40 per cent.

Another considerable difficulty in the work of industrial enterprises was that during the "great leap forward" many enterprises that had once produced completing products were switched over to the production of finished goods, mostly designed for use at the smaller enterprises. As a result, many large plants were left without important suppliers. Incomplete equipment, machinery, and so on, piled up at the factories, and was often delivered to the consumer in that state. Because many equipment sets were incomplete,

finished projects could not be started for months on end. There were growing inventories of imported equipment, the completing parts for which were to have been made in China.

Since the rapid industrial growth from 1958 to 1960 was made largely dependent on "the masses' revolutionary spirit", every industrial enterprise sought to fulfil its "leap" plan by recruiting more workers. In 1958 alone, the numbers of industrial and office workers nearly doubled. Part of the increase was naturally due to the newly commissioned large industrial projects, but most of it resulted from the mushrooming of small enterprises, where manual labour was prevalent, and also from the existing enterprises' desire to fulfil their "leap" plans at any cost, even by means of a massive recruitment of casual workers and apprentices. An indicative fact is that in 1958, the latter made up the bulk of all the newly recruited workers and staff. In a single year, some industrial enterprises swelled their work force from three to five times, something rarely warranted by production requirements: as many as 6 or 8 apprentices often crowded round one machine, while in some sectors they made up three-quarters of the total work force.

The large increase in the number of workers at the smaller enterprises, in effect lacking the necessary hardware, and the prevalence of unskilled manpower in the overall recruitment had a negative effect on labour productivity in industry. Although in 1958 there was some increase in labour productivity at some of the major enterprises, in industry as a whole (including small-scale production) average per-worker productivity dropped, the drop being most pronounced in the industries where many small enterprises had been built and many new workers recruited.

A most important way of fulfilling the "great leap forward" targets was to overintensify the entire production process, to lengthen working hours, to increase the shift factor, to have people work during holidays and rest days, and to overload equipment by making arbitrary changes in operating conditions and lengthening the periods between repairs.

All that led to disruption in the normal work of all the industrial enterprises, overstrain among the workers, rapid

wear-out of equipment, and growing tensions in the supply of fuel, and basic and raw materials. The very high rate of industrial growth tended to cover up the erratic ups and downs in production from one month, quarter or half-year period to another.

The overexertion of men and the thinning out of resources during the "great leap forward", combined with the emergence of deep-going economic disproportions, led to inevitable conflicts in economic development, which were tackled in 1961 through sharp cutbacks in production in every sector of the national economy, industry in particular. This was officially put on record in the decisions of the 9th Plenary Session of the Eighth CPC Central Committee in January 1961, as a line towards "ordering, strengthening, replenishing and upraising the national economy", which meant a cutback in capital construction, in the heavy industry in particular, and concentration on propping up the weaker sectors, specifically agriculture.

The "ordering" line stemmed from the existing state of affairs: the current stocks of fuel and raw and other materials had been run down completely and could not be replenished owing to the new disproportions between the various sectors, the wear-out and obsolescence of the equipment, and the weariness of the working class. Although the cutback itself was an inevitable consequence of the "great leap forward", the size of the drop in industrial production in the very first year of the "ordering" was disastrous: gross industrial output and the production of the main types of industrial goods were almost halved. Capital construction in industry came to a virtual standstill, particularly in the branches where it had been most extensive during the "great leap forward". The official excuse for the almost complete standstill in capital construction (with very few exceptions) was that in the early years of the second five-year period, industry—heavy industry in particular—had developed at a high rate and had by 1959 attained the 1962 targets set by the Second Five-Year Plan in the output of the basic products.

The bulk of the projects under construction, irrespective of their completion stage, went into cold storage. Among these were large-scale projects at metallurgical combines,

hydroelectric and thermal power stations, and large coal pits. The massive standstill in the building of major, as well as minor industrial projects, with their vast quantities of Chinese and imported equipment, led to a freezing and waste of the invested resources.

The sharp drop in production, especially in the iron and steel, coal and mining industries, was due to the shutdown of most small pits and enterprises. There was also a simultaneous fall in production at the going enterprises, largely because a great many of the earlier recruited workers were being sent back to the countryside, and also because the numbers of reserve workers and apprentices were being reduced. In 1961 alone, the numbers of industrial workers and staff fell by more than one-third, and by as much as one-half at some factories. Many enterprises were made to operate below capacity, most of the larger ones—by as much as 50 per cent.

At the "ordering" stage (1961-65), the main effort was to halt the decline, stabilise production and then work for another upturn. In view of the acute shortage of resources following their squandering on a vast scale in 1958-60, capital investments in the national economy throughout the entire "ordering" period were naturally very modest and could do nothing markedly to alter the situation in the major industries (to say nothing of the whole economy). That is why increase in labour productivity and improvement of the technical and economic indicators of the enterprises in operation were the most important growth factors in the "ordering" period. True, in the early years of the "ordering" stage (especially in 1961) labour productivity at the large enterprises went on falling, chiefly because of worker malnutrition in view of the extremely grave food situation. Still, the mere closure of most small enterprises with low labour productivity and large numbers of low-skilled workers, and also the cuts in the redundant manpower, the auxiliary workers in particular, at all the remaining enterprises helped to bring about some increase in industrial labour productivity, as the food situation improved following the fairly good crops in 1963 and 1964. In the later years of the "ordering" stage, labour productivity increased and the technical and economic indicators im-

proved as a result of the steps taken to restore the material incentives principle, neglected during the "great leap forward", to reintroduce technological discipline and the planned maintenance and repair system, and to improve organisation and management.

These measures helped to achieve a relative stabilisation of industrial production in 1962, a slight pick-up in 1963, and marked growth in 1964 and 1965. But in spite of the obvious improvement in the state of affairs in industry by the end of the "ordering" period, production in its major areas was still to attain the one-time peak, and a great many enterprises still continued to operate below capacity.

The "cultural revolution" launched in 1966 discarded much of what was helping to normalise and improve the national economy throughout the "ordering" period. This applied, above all, to the use of some economic levers in developing production. Production was once again jeopardised by the organisational chaos and the fierce attacks against technical experts and the material-incentives principle.

The Chinese leadership has naturally tried to avoid the grosser economic blunders of the past. Hence its tacking in economic policy over the past few years: first, the persecution of the technical experts and then flirtation with them, once it was recognised that production cannot do without experts in science and technology; the recurrent attempts to limit the spread of the "cultural revolution" to production, agriculture in particular, for fear of a fresh threat of famine; the imposition of military control wherever the appeals to engage in production, maintain labour discipline and refrain from spoiling equipment turned out to be ineffectual; and the struggle against material incentives followed by forced concessions on personal incentives for the working people.

These shifts and dodges enabled the Chinese leadership to evade another economic disaster similar to the one produced by the "great leap forward" policy. But then there has not been another "great leap forward" in production, declared to be in the offing back in 1966. The spread of the "cultural revolution" to industry directly resulted in a 15 to 20 per cent drop in production in 1967 as compared with 1966.

In the first six months of 1968, the situation in industry continued to worsen, and urgent steps to tighten military control in production alone helped to restore something of the former rhythm at the enterprises. But the irregularities in supplying production and the population with fuel, electric power, transport and the staple foodstuffs became chronic. Only by 1970 had industry reached its 1966 level.

The widely accepted "wave-like development" doctrine is in effect meant to justify the feverish economic pace of the past decade. It is futile, however, to try to put the whole blame for the economic fever on the weather, the changes in the volume of capital construction, the size of the labour force in the various branches, labour productivity and the scale of the working people's creative initiative. The Chinese leaders have recently taken much too free-wheeling an approach to these major economic problems: the rapid and frequent manpower transfusions from one industry to another; the scattered and hectic construction, without any consideration of the order of priorities, the importance or urgency of the projects and their subsequent freezing; the marked weakening of agriculture through a drain on its material, financial and manpower resources, which left it quite defenceless in face of natural disasters; and the subsequent curtailment of the country's industrial development programme.

That is why, in their persistent efforts to prove that their "wave-like development law" is objective, the Chinese leaders, followed by the economists, refer to various entirely correct propositions of Marxist-Leninist philosophy, quoting these out of context to justify their erroneous concepts. For one thing, they seek to apply the law of the unity and struggle of opposites, which deals with the source and motive force of any development, and also the aspect of the law of negation of the negation which says that all development is spiral.

Without trying too hard to get to the root of the Marxist-Leninist conclusions on the source and motive force of any development, the Chinese economists give these a very primitive reading: "The proverb says: 'On the Yangtze River, the wave behind hurries on the one in front.' Indeed, the waters of the Yangtze and the Hwang Ho always flow

forward in waves following one another. Materialist dialectics believes that everything in the world develops in a sinuous, spiral and wave-like forward movement.... The development of our country's national economy, like that of any other thing, is a movement from imbalance to balance and then from balance to imbalance, a wave-like forward movement.... In other words, we have to move in waves in our work precisely because the objective world itself develops in a dialectical, sinuous way."¹

The statement shows not only a vulgar and primitive view of dialectics, but also an attempt to find a sophistical justification for the Chinese leadership's economic practices, which have nothing to do with dialectics at all.

The "wave-like development" doctrine stems from one of Mao's philosophical concepts. In 1957, Mao wrote in his work "On the Correct Handling of Contradictions Among the People": "Every year our country draws up an economic plan in an effort to establish a proper ratio between accumulation and consumption and achieve a balance between production and the needs of society. By 'balance' we mean a temporary, relative unity of opposites. By the end of each year, such a balance, taken as a whole, is upset by the struggle of opposites, the unity achieved undergoes a change, balance becomes imbalance, unity becomes disunity, and once again it is necessary to work out a balance and unity for the next year. This is the superior quality of our planned economy. As a matter of fact, this balance and unity is partially upset every month and every quarter, and partial readjustments are called for."²

Mao's ideas about imbalances constantly recurring in the economy, echoed by other CPC leaders, served as a basis for the "wave-like development" doctrine. Deputy-Premier of the State Council, Li Hsien-nien, told the Fifth Session of the First NPC in February 1958: "Imbued with the revolutionary spirit, we must keep upsetting the old and settled balance and creating a new and advanced balance, only to upset and create it all over again, just as one wave overtakes

¹ *Kwangming jihpao*, April 21, 1961.

² Mao Tse-tung, "On the Correct Handling of Contradictions Among the People". Supplement to *People's China* No. 13, July 1, 1957, p. 23.

another. Indeed, this is the law of the progressive movement of our cause."

It is indicative that "wave-like development" is being presented not just as the conclusion drawn from an analysis of China's economic development, but is made out to be an objective law applying to any socialist economy.

With their vulgar view of Marxist dialectics, the Chinese economists have perverted the essence of the law of proportional and balanced development, saying that the impossibility of ensuring a steady growth rate is "an inevitable tendency in the development of socialist production".

But an analysis of that "theory's" evolution through the various stages of economic construction in the PRC shows that it is based on nothing but a plain desire to provide a "theoretical" foundation for the faulty economic management of the past few years.

The unsuccessful 1956 attempt to impose a slightly forced pace on the economy upset a whole range of economic proportions and lowered the rate of development in 1957. That was when Mao spoke of constant imbalances in the economy. The plan for the "great leap forward" in 1958 provided for an unprecedented step-up in the rate of socialist construction, but, on the strength of their experience in 1956 and 1957, the Chinese leaders found it necessary once again to emphasise, as early as 1958, Mao's idea about imbalances in the national economy being inevitable, especially since some of the more sober-minded and far-sighted economists were issuing warnings against experiments of that kind. The latter were accused of kowtowing to "normal order in industry" and "scientific methods", and of an attempt to replace the Party's "mass line" in socialist construction "by a set of 'regular' methods, and lively and vigorous mass movements by bare administrative orders".¹ The advocates of a more realistic policy in economic administration were blamed for their "subjective inertness" and "conservatism" preventing a consolidation of the successes of 1956, when a "leap forward" had been attempted and production had followed the "flow—ebb—higher flow" pat-

¹ Ko Ching-shih, "Mass Movement at the Industrial Front" in: *Ten Glorious Years*, Peking, 1960, p. 193.

tern, that is, "leap—conservatism—great leap". The CPC Central Committee's Report to the Second Session of the Eighth National Congress said: "The Party and the masses have learnt a lesson from this U-shaped development."¹

But the very first year of the "great leap forward" made it clear that under the new administrative methods China's economy was simply bound to develop in fits and starts. As industrial production waned in June and July 1958 as a result of organisational troubles and the wasting away of the available stocks of raw and other materials, the Maoists made another resolute onslaught on the "handful of Right-opportunist elements" who allegedly raised a "cold wind", which harmed the mass movement and caused a "small U" in production. The Maoists claimed that it was only when the Eighth Plenary Session of the Eighth CPC Central Committee had called for a struggle against Right-wing deviationism, for the straining of every effort, an energetic increase in production and a strict economy drive, that a fresh upsurge in the mass movement had started across the country within a few days and the volume of production had gone up sharply. While taking a resolute stand against such "U-shaped development"—alleged to result from conservatism and inertness which make it impossible to carry on a continuous "great leap forward"—the Maoists simultaneously maintained that wave-like development, as against U-shaped development, was an economic law operating under socialism: "Though alike in form, 'U-shaped' and 'wave-like' development are essentially quite different. There is nothing inevitable about 'U-shaped development', which is a sort of slow-down in the growth rate owing to some kind of subjective inertness, and which can be forestalled or eliminated, whereas 'wave-like development' is an indispensable property in the development of things and events."²

The wide spread of the "wave-like development" doctrine in 1959 and the first half of 1960 was something of a response to the slackening pace of the promised "sustained leap".

¹ *Second Session of the Eighth National Congress of the Communist Party of China*, p. 39.

² *Chungkuo chingüen* No. 9, 1961.

That is why at that time the doctrine focussed on the idea that owing to various factors the growth rate could rise or fall from one year to another, so that the slowing down of the leap forward after 1958 was quite a natural occurrence. "For these and other reasons, the national economy will inevitably advance in a wave-like manner; its rate of growth may be a bit higher at one time and a bit slower at another. This should be considered normal."¹

An article summing up the outcome of China's economic development in the three years of the "great leap forward" set out that idea in clearer form: "All things and events, including the economy, are governed by the law of spiral-shaped ascent and wave-like development. The 'great leap forward' in this country's industry has been going on as follows: on a definite basis and under certain production conditions, the development rate is very high for a few years; for another few years it is relatively low, and then it again becomes high."² Since the "handful of Right-opportunist elements" could no longer be accused of their ideas having added to the general drop in the economic growth rate, the Maoists sought to provide a more solid theoretical basis for the next unavoidable "U" in production, which now threatened to be a big one. Having started with seemingly innocuous and incontestable statements to the effect that growth rates must necessarily differ from year to year, they gradually pressed forward with the idea that development in leaps and bounds, proclaimed to be a law of socialist economic development, must inevitably follow the formula of "very high rate—low rate—high rate once again" rather than be sustained as originally promised.

The "wave-like development" doctrine took on another lease of life during the sharp slump in production and the adoption in 1961 of the "ordering" line by the Ninth Plenary Session of the CPC Central Committee. But now its advocates no longer concentrated on the year-to-year differences in the growth rate, but sought to prove that according

¹ Li Fu-chun, "On the Big Leap Forward in China's Socialist Construction" in: *Ten Glorious Years*, p. 149.

² *Hung chi* Nos. 3-4, 1961.

to the inner workings of the socialist economy "rapid development" was naturally followed by an "ordering" and "consolidation" period. "A socialist economy can no doubt develop at a high pace, but at the same time, rapid development must always be followed by ordering, consolidation, replenishment and increase, which is again followed by rapid development.... The process is an inevitable condition for the next round of rapid development. This stage-by-stage development can be summed up in the 'development—consolidation—more development' formula, which is a deeper and more precise reading of the law of the high rate of socialist economic development."¹

The "wave-like development" doctrine makes an objective regularity of the difficulties and shortcomings in China's economic reality, transplants the cyclic nature of capitalist economic development to the socialist economy, and substitutes a scheme for repeated upsets in proportional development for proportional and balanced development. The advocates of the new doctrine have branded anyone coming out against rush work and leaps forward to be a Right-wing opportunist who is afraid of "a wolf from the front and a tiger from behind, lacks revolutionary courage, and prefers a smooth and measured life-pace". What is more, they have suggested making "wave-like development" an important method of practical activity, which could be deliberately used to "bring on one leap after another in the various spheres of socialist construction".²

What happened during the "cultural revolution", which, Chinese propaganda claimed, was "laying the groundwork for another leap forward", showed that the CPC leaders had adopted the new method in earnest. On November 18, 1969, *Jenmin jihpao* wrote: "Deliberate and balanced use of the new leap-like regularities can help to produce rapid changes in the country's backward outlook and overtake all the bourgeois states." The Report to the 9th Congress of the CPC said that the "cultural revolution" had been a "powerful motive force" in the development of social production. No hard facts were given to back up the statement,

¹ *Chungkuo chingui* No. 9, 1961.

² *Kwangming jihpao*, April 21, 1961.

but it was proclaimed that the "great proletarian victory of the great proletarian cultural revolution will undoubtedly go on helping to produce another leap forward on the economic front and in all the other areas of socialist construction".¹ Practice, however, has made it clear that the new method has done nothing but harm to the cause of socialist construction in China.

Thus, in the first eight years of its planned and progressive development, the country was not only able to effect a fairly rapid rehabilitation of the devastated economy, but also to lay the basis for industrial development, whereas in the following decade, which held wide prospects for creative work, China's economy was plunged into hectic development: the short-lived upswing in production in the early years of the "great leap forward" was followed by the heavy slump of 1961, and the stabilisation and fresh revival of production in 1964 and 1965 was followed by another slump in the years of the "cultural revolution".

Despite the vast input of human labour and resources, the economic fever gripping the country for more than a decade prevented its productive forces from advancing to any marked degree. The attempt to forge ahead in social production by means of the "great leap forward" ultimately led to a drop in the economic growth rate. From 1950 to 1957, the annual increment in industry averaged 24 per cent, and that in agriculture—8 per cent, whereas from 1958 to 1968, the former averaged just over 5 per cent, while the latter was virtually down to zero.

Let us take a look at China's economic advance over the ten years to see whether the "leap-like" development had enabled the country to achieve the targets set by its leadership in 1958.

When China's economic sights were being set back in December 1957, it was proclaimed that within 15 years China was to catch up with Britain in the output of the main lines of industrial products. The slogan was tied in with the concrete targets of the Second Five-Year Plan and was in line with the country's actual possibilities.

But in the very first years of the "great leap forward" the

slogan was dropped for another one, saying that Britain should be overtaken and surpassed in no more than a decade, and subsequently, in a much shorter period. It was also said that in the following four or five years China was to overtake and surpass the USA in the output of the main lines of industrial products. Plans for the output of the basic products were drawn up to conform to these objectives. Various documents set out figures to show that by 1965 China was already to be ranked among the economically advanced countries.

An analysis of the actual state of affairs in the Chinese economy in 1962 shows that the main annual targets adopted within the framework of the Second Five-Year Plan at the Eighth National Congress in 1956 were only met to about two-thirds in the output of the basic types of products in the heavy industry, and to about one-half in those of the light industry and agriculture.

Estimates show that had the Chinese economy developed from 1958 to 1968 at the pace set by the Second Five-Year Plan, the output of the basic types of products in the heavy industry could have been 1.5-2 times the present figure, in the light industry—2 or 3 times, and in agriculture—double the present figure.

How far does China fall of the level she could have reached through the fulfilment of the Second and Third Five-Year Plans?

Between 1961 and 1968, the annual increase in the basic spheres of material production averaged no more than 4 or 5 per cent. Assuming such a rate, it would take China 15 years at the very least to attain the level she could have achieved by 1967 had her development been planned and progressive.

Assuming that the period of economic upheaval caused by the "cultural revolution" is now over and that the annual growth rate will now average from 7 to 10 per cent, it will take China no less than 8 to 10 years to attain the level she could have already reached.

That is, in effect, the time the Chinese economy has lost through its leaps and bounds instead of progressive development.

¹ *Jenmin jihpao*, April 28, 1969.

THE MAOIST "CONTRIBUTION" TO THE MARXIST-LENINIST THEORY OF REPRODUCTION

Simple and Extended Reproduction

The Marxist-Leninist theory of reproduction is a most important part of the economic doctrine worked out by the founders of Marxism-Leninism, and further creatively elaborated in the course of socialist and communist construction in the countries of the world socialist system.

According to *Hung chi*, organ of the CPC Central Committee, a wide discussion in the Chinese press on matters of reproduction resulted in the Chinese economists making a "fresh contribution" to the Marxist-Leninist theory of reproduction.¹ Let us compare some basic propositions of the Marxist-Leninist theory with the views of the Chinese economists.

Because for several years after the failure of the "great leap forward" production was generally disrupted and extended reproduction on a national scale was impossible, Chinese economists began to show a heightened interest in the problems of simple reproduction. The main conclusion they arrived at "on the strength of a lengthy analysis of socialist reproduction in Chinese conditions" was that just as "no economic formation can have absolute simple reproduction, without any extended reproduction", so "no economic formation (socialism included) can have extended reproduction alone, without any simple reproduction".²

They cited historical examples of extended reproduction occurring under the primitive communal, the slave-owning

and the feudal system, and of simple reproduction under capitalism. Indeed, extended reproduction did sometimes occur in the various precapitalist formations alongside the simple reproduction typical of these, being largely due to increased use of manpower in the sphere of material production. Because of the extremely low technical level in antiquity, the mammoth structures of those days could have been created only by aggregate mass labour. Simple reproduction, on the other hand, may well occur under capitalism (during depressions), where it alternates with extended reproduction. But this does not in the least contradict the fact that extended reproduction is the law of the capitalist economy, while reproduction on the same scale is an exception to the general rule. Marx explicitly pointed out that only two normal cases of reproduction were possible "apart from disturbances, which interfere with reproduction even on a fixed scale. There is either reproduction on a simple scale. Or there is capitalisation of surplus-value, accumulation".¹ Marx described simple reproduction, that is, reproduction on the same scale, as an abstraction, because, on the one hand, he believed the absence of all accumulation, or reproduction on a fixed scale, to be a strange assumption in capitalist conditions, tantamount to saying that capitalist production did not exist at all, and because, on the other hand, the conditions of production did not remain exactly the same from one year to another (precisely what is implied in simple reproduction).² Marx's proposition is even more relevant to socialism, of which the hallmark is continuous, year-to-year expansion of the scale of social production, that is, extended reproduction. The material and technical basis of socialism (let alone communism) can never be built unless there is uninterrupted development and improvement of the productive forces.

In analysing extended socialist reproduction, one is quite justified in considering the question of simple reproduction from a theoretical standpoint, provided one regards it, first, as a "theoretical abstraction" for analysing the economic processes of reproduction on an extended scale, which

¹ *Hung chi* No. 1, 1963.

² *Takung pao*, August 13, 1962.

¹ K. Marx, *Capital*, Vol. II, Moscow, 1971, p. 328.

² See K. Marx, *Capital*, Vol. II, pp. 398-99.

makes it possible to bring out the interconnection between the various aspects of social reproduction and, on the strength of that, to gain a knowledge of the laws of accumulation; and second, as a "real factor" of extended reproduction, as its component, since further expansion can only be achieved once the initial scale of production has been maintained. It is quite wrong to say, however, that under the socialist mode of production, simple reproduction goes hand in hand with extended reproduction merely on the strength of the fact that owing to the CPC leadership's unscientific and subjectivist policy the Chinese economy has for several years remained stagnant and crisis-stricken. Nevertheless, many articles published in China after the failure of the "great leap forward" insisted that far from always maintaining its overall reproduction on an extended scale, every society is sometimes bound to maintain partial extended reproduction or even merely to keep up its simple reproduction or to reduce the scale of production altogether.¹ In other words, Chinese theorists believe, reproduction in socialist society is by no means always extended or in line with the law of proportional and balanced development, but is in fact haphazard, ranging from "general" extended to "partial" extended or even simple reproduction, all of this being regular and natural and, what is more, an advantage of the socialist system.

In insisting on the need to single out simple reproduction in a socialist economy and on the importance of that category under socialism, they refer to the founders of Marxism-Leninism, notably Marx, who, they say, emphasised the importance of simple reproduction under socialism in saying that the paramount need was to reproduce on the old scale. But in focussing on this one point, they are inclined to gloss over the following points, which Marx described in *Critique of the Gotha Programme*: "Let us first take all the words 'proceeds of labour' in the sense of the product of labour; then the co-operative proceeds of labour are the total social product.

"From this must now be deducted:

¹ *Takung pao*, June 6, August 13, 1962.

"First, cover for replacement of the means of production used up. [And this is where the Chinese economists stop short.—E.K.]

"Secondly, additional portion for expansion of production.

"Thirdly, reserve or insurance funds to provide against accidents, dislocations caused by natural calamities, etc."¹

One must emphasise that the recent Chinese views on simple and extended reproduction have emerged in response to Chinese reality of the past few years, which also explains their particular attention to the relationship between production and capital construction, between repairs and the making of new equipment, and between renewal and reconstruction. Hence their repeated statements to the effect that to establish the correct links between simple and extended reproduction in actual economic life is to establish the right connection between current production and capital construction, between repairs and the making of new equipment, and between the restoration and renewal of fixed assets and new building and reconstruction; that once the existing productive capacities have been ensured and the scale of production maintained, to achieve extended reproduction it is first of all necessary to concentrate on current production and only then to undertake capital construction; that the main concern should be the maintenance of equipment rather than the making of new equipment, and that it is above all necessary to restore and renew the fixed assets, and only then to start upon fresh building and reconstruction, and so on.

The connection between production and capital construction, the maintenance and the making of new equipment, etc., is not identical to the connection between simple and extended reproduction; current production or the maintenance of equipment as such do not mean simple reproduction, just as capital construction or the making of new equipment as such do not mean extended reproduction. But the Chinese economists' attention to these matters will, of course, be easily understood, for these were the most burning problems of the "great leap forward": what with the sweeping capital construction, the normal functioning of the existing enter-

¹ K. Marx and F. Engels, *Selected Works*, Vol. 3, p. 16.

prises had not been ensured; the existing equipment had been neglected, it often being in want of repairs because the repair services had been switched to the production of new equipment, and so on.

Instead of taking an open and resolute stand against such faulty practices, which had led to a decline in all the areas of the national economy and were hindering expansion at most enterprises and in most sectors, the Maoists began plugging the idea that in a socialist economy the processes of simple and extended reproduction coexisted and intertwined. The many differing standpoints on matters of reproduction often agreed in their attempt in one way or another to justify the current practices, to present them as being the necessary outcome of the operation of objective economic laws rather than a result of the Chinese leadership's somewhat dubious—to put it mildly—experiments which have done China's economy so much harm.

So, the heightened interest in simple reproduction will be easily seen as an attempt to find ways of going over from simple to extended reproduction under the sharp decline throughout the economy that followed the "great leap forward", but it is quite inadmissible that the problems of simple reproduction should be offered up—as they were in China—as the latest word in the political economy of socialism.

From the "Super-Industrialisation" Attempts to the "Agriculture Is the Basis of Economic Development" Line

In their search for ways of going over from simple to extended reproduction, the Maoists have once again departed from Marxism-Leninism. They maintain that Marx's extended reproduction doctrine, as applied and developed in the specific conditions of socialist construction in China, is expressed in the formula that "agriculture is the basis, and industry—the leading force of economic development", with the first part of the formula being the main one. *Hung chi* (No. 1, 1963) wrote that Mao's new line was of "highly profound importance" in practical, as well as theoretical terms.

Indeed, the correlation of industry and agriculture is a very important problem of socialist construction. It is only natural, therefore, that agriculture should attract a good deal of attention in a country with over 500 million peasants; where farm produce goes into the manufacture of over 80 per cent of the goods in the light industry and from 30 to 50 per cent in industry as a whole; where the revenues from agriculture, directly or indirectly, come to about 50 per cent of the country's total revenue; and where the products of agriculture and its industries account for more than 70 per cent of the country's exports. The success of socialist construction depends on whether just the right balance has been struck between industry and agriculture and has been carried out in practice.

The CPC's general line put forward in 1952 said that heavy industry was to play the decisive role in changing the backward agrarian country into a modern industrial power. In his Report on the First Five-Year Plan for the Development of the National Economy from 1953 to 1957, Li Fu-chun told the Second Session of the First National People's Congress in July 1955: "Socialist industrialization is the central task of our country during the transition period, and the main link in socialist industrialization is to give priority to the development of heavy industry.... The policy of giving priority to the development of heavy industry is the only correct policy to make our country strong and prosperous and to create happiness for our people. By carrying out this policy, we will lay a strong national basis for socialism in our country."¹ At the same time, Li Fu-chun remarked that as the country concentrated its efforts on industry, "there must be no underestimation of the importance of developing agriculture. We cannot industrialize our country without a corresponding development of agriculture. It is vital and urgent that we prevent or overcome any dislocation in the development of agriculture and industry during the course of socialist construction".²

¹ Li Fu-chun, "Report on the First Five-Year Plan for the Development of the National Economy" (Delivered on July 5 and 6, 1955, at the Second Session of the First National People's Congress). Supplement to *People's China*, August 16, 1955, pp. 13-14.

² *Ibid.*, pp. 26-27.

Under the First Five-Year Plan, the country's chief objective in industry was defined as the need to build up a "primary basis for socialist industrialisation by concentrating the country's main forces on industrial construction, which includes 694 extra projects with a backbone of 156 projects being designed with Soviet assistance".¹

In the first five-year period, the Chinese leadership followed the line for the priority development of heavy industry: with total industrial output going up 2.3-fold in the course of the five years, that of the means of production increased 3.4-fold and that of consumer goods—1.8-fold. But whereas in industry the 1957 target for gross output was topped by 17.3 per cent, the figure for agriculture was only 1.2 per cent, while in some very important areas, like technical, especially oil-bearing crops, cattle-raising and silkworm breeding, the target level was not achieved.

The lag in agriculture in the first five-year period was due both to objective difficulties (natural disasters, the weak material and technical basis, and the limited financial resources), and to subjective errors in the choice of means in trying to boost agriculture.

Since resources were limited and the extremely backward industrial basis had to be urgently developed, it was as yet impossible to embark upon large-scale capital construction in agriculture or to mechanise it on a wide scale. That is why the state's investment in agriculture over the first five-year period came to the very small amount of 4,200 million yuan.²

In the old days, the Chinese countryside had no modern machinery at all, so that the technical reconstruction of agriculture in fact meant that it had to be supplied with every imaginary implement and machine, ranging from improved implements to tractors and harvesters. In the

first five-year period, however, mechanisation was confined to pilot schemes and was fairly limited, because the basis for broad technical reconstruction was still to be created. Pre-revolutionary China had no agricultural engineering, and building that up after the revolution would take time. The same applied to the chemical industry, the major source of fertilisers.

In the first five-year period, China had in effect only one major agricultural-engineering plant under construction, the Loyang tractor works, with an annual capacity of 15,000 tractors, and even that was to be launched only in 1959. Another two plants, a second tractor works at Tientsin and a third tractor works at Nanking (on the basis of a car-assembly plant), were in the preparatory stages. The First Five-Year Plan provided for the building and modernisation of five nitrogen fertiliser plants, with a rated capacity totalling 210,000 tons, and two phosphorous fertiliser plants with a total rated capacity of 300,000 tons. By the end of the period, the actual increase in productive capacity for the output of chemical fertilisers was 280,000 tons. In fact, only two plants had actually been started in late 1957, by the end of the first five-year period: the mineral fertiliser works in the Kirin chemical complex with an annual capacity of 300,000 tons of ammonium nitrate, which was built with Soviet assistance, and the Kunyang phosphorous fertiliser works with a capacity of 200,000 tons. At the end of the period, equipment was just being installed at the Nanking phosphorous fertiliser plant with an annual capacity of 400,000 tons of superphosphate; the mineral fertiliser plant at Lanchow and the first section of the Yungli plant were to be commissioned only in 1959, and the mineral fertiliser plant at Taiyuan with a capacity of 100,000 tons—in 1960; the expansion of the Nankin and Talien mineral fertiliser plants was also to be completed in 1958 and 1959. Even the substantial imports of chemical fertilisers (in the first five-year period, 70 per cent more fertilisers were imported than produced inside the country), and the imports of agricultural machinery and equipment, chiefly from the socialist countries, did little to bring about essential changes in the backward technical basis of agriculture.

¹ *Documents of the Second Session of the First National People's Congress of the People's Republic of China*, p. 256 (in Russian).

² The bulk of capital construction in agriculture over the first five-year period was paid for by the peasants themselves: under the plan, the peasants were to invest a total of 10,000 million yuan. With the addition of the state's indirect expenditure on the needs of agriculture, the overall resources going into agriculture totalled 18,400 million yuan (target figure).

Another negative influence on China's agriculture resulted from the mistakes the Chinese leaders made in 1956, when trying to ensure agricultural growth by means of hasty cooperation alone, while mechanisation was being neglected.

The main task of the Second Five-Year Plan, put forward at the Eighth National Congress of the CPC in September 1956, was once again to carry on industrial construction with emphasis on heavy industry, the plan also pointing out the need to tie in the priority development of heavy industry with all the other sectors of the national economy, agriculture in particular. Later, in 1957, Mao Tse-tung wrote: "Industry and agriculture must be developed simultaneously. Only then will industry have raw materials and a market and only so will it be possible to accumulate fairly large funds for the building up of a powerful heavy industry.... With the development of agriculture and light industry, heavy industry will be assured of its market and funds, and thus grow faster."¹

Mao's propositions were subsequently reflected in the "set of the walk-on-both-legs lines", proclaimed during the "great leap forward". Although that policy provided a correct formula of the need "to combine priority development of heavy industry with all-round development of agriculture", its implementation was a very different matter. In the early days of the "leap" the potentialities of agricultural production were to some extent overstated: many senior officials declared that China's grain problem could be solved in the following three years even with tractors, agricultural machinery and chemical fertilisers being in short supply. The Report to the Second Session of the Eighth National Congress said: "So long as we know how to rely on this great force of our 500 million peasants, we can greatly expand the scope of agricultural construction even if there is no increase in state investments in agriculture."² Those who disagreed with these optimistic conclusions

¹ Mao Tse-tung, "On the Correct Handling of Contradictions Among the People". Supplement to *People's China* No. 13, July 1, 1957, p. 26.

² *Second Session of the Eighth National Congress of the Communist Party of China*, pp. 47-48.

were accused of "scorning the organised revolutionary peasantry". "All they see is that men are consumers and that the greater the population, the bigger the consumption. They fail to see that men are first of all producers and that when there is a large population there is also the possibility of greater production and more accumulation."¹

The overstatement of the potential of agriculture resulted in a marked slackening of attention to its requirements. Already in the summer of 1958, when it became obvious that the year's crop was to be a bumper one (which was due partly to the favourable weather conditions and partly to inaccurate accounting and the additions made in pursuit of "record" targets), the emphasis was shifted to industry, pig iron and steel production above all. "The whole Party and the whole people deal with industry" became the new slogan. "Since the development of industrial production is the universal demand of the whole population, it is necessary to follow the principle of building industries by the efforts of the whole Party and the population, and completely explode the myth that industry can be run only by the few."² There was also a more concrete programme for the all-round development of industry. Over a relatively short stretch of time, the entire country was to be covered with a network of industrial enterprises: industry was to be developed in more than 20 provinces, towns of central subordination and autonomous regions, more than 180 areas and autonomous areas, more than 2,000 districts and autonomous districts, more than 80,000 rural districts and small townships, more than 100,000 handicraft cooperatives, and more than 700,000 farming cooperatives.³

The shift of emphasis to industry during the "great leap forward" meant, first, that the country's resources were being increasingly rechannelled from agriculture to industry through a funnelling off of a growing share of farm produce, and second, that a good deal of manpower was being diverted from agricultural production.

The switch of resources from agriculture to small-scale

¹ *Ibid.*, p. 48.

² *Ibid.*, p. 49.

³ *Ibid.*, p. 50.

industry began as early as the spring of 1958. But whereas at first it was no more than a gradual, though substantial, extraction of accumulations, or "local, scattered resources", from agriculture (industrial investment for every district was set at about 12 million yuan for a term of about five years), after the Second Session of the Eighth Congress of the CPC in May 1958, the task was set considerably to increase the scale and pace of accumulation in agriculture for the needs of small-scale industry.

By the end of 1958, the rural people's communes had built something like 6 million small plants employing about 40 million men. True, the bulk of these were soon abandoned, so that in 1959 the people's communes had something like 200,000 plants with about 6 million workers and a gross output of some 10,000 million yuan.

Besides being siphoned off from farming to the commune plants, a good deal of manpower was employed at various other jobs directly unconnected with cropping or cattle-breeding (like administrative, cultural or military affairs). But in the second half of 1960, in view of the negative effects of such manpower distribution in the people's communes, those employed in the various branches within the communal framework had to be regrouped, notably, something like 20 million men had to be sent back to agriculture proper.

Many farmers were leaving the countryside to work in urban industry: in the second half of 1958 alone, over 10 million farmers took up regular jobs in industry, and in October and November, millions more went to smelt pig iron and steel in "back-yard furnaces". During the "short-distance transportation" campaign to service small-scale production, the rural people's communes contributed about 10 million men.

Being low-skilled, the labour of the tens of millions of farmers diverted to industry—the most productive part of the rural population—was of very little use in industry. Meanwhile, in the autumn of 1958 there was a severe manpower shortage in agriculture to take in the harvest and perform other autumn works in good time.

The record of 1958 and 1959 showed that with its low technical level in agriculture China could not ensure

a steady growth of agricultural production. The expectation that labour productivity in agriculture would increase failed to materialise, for "rural industry", whose output was mostly primitive and substandard, had done nothing to alter the state of the material and technical basis of agriculture.

In the spring of 1959, the CPC CC adopted a decision to press ahead with mechanisation in agriculture, and to complete its essential reconstruction on technical lines over the following decade: partially—within four years, half—within seven, and in the main—towards the end of the decade. The Central Committee's appeal for all-round assistance to agriculture, which was issued in early 1960 and was particularly strident in the summer and autumn, when the scale of the natural disasters had become obvious, had very little effect, because the ministries and departments had not been given any concrete assignments, the funds leased to the farm machinery plants had not been increased, and the plan targets worked out back in 1959 had not been altered. Although during the "great leap forward" industry was supplying agriculture with more means of production, much of the farm machinery lay idle for lack of spares and fuel, and the work of the country's only major tractor works at Loyang ran in fits and starts.

Throughout the "great leap forward", agriculture was in fact being drained of its material, financial and manpower resources. Through non-economic coercion and downright ruin of the farmers, the Chinese leadership succeeded in about doubling the accumulations accruing from agriculture as compared with the average level of the first five-year period.

About one-third of all the able-bodied villagers were diverted from farming and impressed into labour armies. This policy led to a crisis in agriculture. In 1959, its output began to fall, so that in 1960, the last year of the "great leap forward", it was 16 per cent below the 1957 level. Other significant factors behind the decline of agricultural production during the "great leap forward" were the violation of the material incentives principle, arising from the excessive socialisation of the means of production in the people's communes; the irrational cutback in crop areas

on the "three-thirds" principle ("one-third goes under crop, one-third—under gardens and forests, and one-third lies fallow"); and unwarranted emphasis on deep tillage and crowded sowing, which broke up the soil or reduced its fertility.

The farming crisis soon resulted in a severe raw material shortage and a sharp drop in the output of consumer goods, while the output of producer goods was being boosted without regard for the actual needs of the national economy.

Industry operated in a closed circuit: metal was produced for the needs of engineering, and the latter, often to the detriment of its basic line of production, produced equipment for "back-yard metallurgy". This kind of "production for the sake of production" made it impossible to find a comprehensive and effective solution to China's national economic problems, such as its age-old raw material and fuel problem. On the contrary, in the course of the quantity drive, geological prospecting was utterly neglected, so that nothing at all was ready for further extraction, and the national economy, having used up its resources on the "great leap forward" programme, was virtually suffocating for want of fuel and raw materials.

The Chinese leadership's approach to the problem of correlation between industry and agriculture at the "great leap forward" stage had a good deal in common with the much-criticised stand once taken in the Soviet Union by the "workers' opposition" and Trotsky, who regarded agriculture as a "colony", an "object to be exploited in every way". The "Left"-wing, Trotskyite trend towards "super-industrialisation" envisaged fantastic industrial schemes, regardless of whether these could be backed up with the necessary minimum of reserves and resources. The Communist Party of the Soviet Union promptly cut short these attempts to "run too far ahead", levelling sharp criticism at the "Left"-wing deviationists and setting out its approach in the decisions of its 14th Congress and subsequent Party decisions. Indeed, that criticism is almost custom-made for the Chinese leaders: "...What does running too far ahead in the matter of industrial planning mean? It means building beyond your resources. It means noisily proclaiming ambitious plans, drawing thousands and tens of thousands of

additional workers into production, raising a great hullabaloo and later, when it is discovered that funds are inadequate, discharging workers, paying them off, incurring immense losses, sowing disillusionment in our constructive efforts, and causing a political scandal.... We must neither lag behind the actual development of industry, nor run ahead of it. We must keep abreast of the development of our industry and impel it forward, without however cutting it off from its base."¹

In its struggle against the "Left"-wing deviationists, the CPSU showed that industry could serve to restructure the whole national economy, including agriculture, only if it kept in touch with agriculture and took account of the country's resources and reserves. Socialist construction in the USSR has proved these conclusions to be correct. The Chinese leaders could—if only they would—have taken the Soviet experience into account, but the "great leap forward" showed that they had done nothing of the sort.

As the difficulties mounted, production declined, and the "ordering" of the national economy was begun, the Maoists proclaimed a new line—"agriculture is the basis, and industry—the leading force of economic development"—a line they imagined to be a "discovery" of Chinese economic thought. "A Survey of Some Scientific Discussions Held in 1960"² said that the debate on the problem of agriculture being the basis of national economic development resulted in a deep and general understanding of the exceptional role agriculture had to play in the development of the national economy, an understanding of the need to develop industry and agriculture simultaneously and parallel with each other, and also in a recognition of the new line as "yet another one of Chairman Mao's outstanding creative generalisations in Marxist-Leninist political economy".

But this was no discovery in the political economy of socialism at all. In drawing up its programme for the economic development of the world's first socialist state, the CPSU regarded industry as the leading factor of the whole

¹ J. V. Stalin, *Works*, Vol. 8, pp. 138-39.

² *Hsuehshu yuehkan* No. 1, 1961.

national economy, agriculture including, as the key to restructuring backward and scattered agriculture on collective lines. The Party Programme also considered agriculture to be the basis for the development of industry both as a market for industrial goods, a food and raw material supplier and a source of export reserves that went to pay for the foreign equipment which the national economy required.

Considering that industry cannot be advanced unless agriculture is restructured, unless its primitive implements are replaced, and unless an agricultural base is ensured for industry, the CPSU put forward the task of providing agriculture with as many implements and means of production as were necessary to speed up and promote its reconstruction on a new technical basis. This, it believed, could be done only through rapid industrial development.

In contrast to the new line adopted by the Chinese leadership, the CPSU's Programme had been clear-cut and consistent both in theoretical and practical terms. First, the Chinese leadership's line was vague, and its formula of agriculture being the basis, and industry—the leading force of economic development allowed for a wide range of interpretations. Second, although Chinese leaders and economists would now and again talk of the importance of industry in economic development, they were in fact merely leaving themselves a theoretical loophole. Industry's leading role was given a very narrow reading, as part of "agriculture is the basis of industrial development" slogan, whereas the main line of industrial development—to build up and advance the major branches of industry which would provide the key to the reconstruction of the whole national economy, including agriculture—was being left in the background. The actual significance of the "industry is the leading force" thesis will be seen from the fact that for the most part it was simply left out. But even when there was talk of the need to develop industry together with agriculture, the latter was made out to be the key element. In August 1960, Li Fu-chun said this in an article entitled "To Go On Advancing, Holding High the Red Banner of the General Line": "We must persevere in our line for the simultaneous development of industry and agriculture and, fastening

upon agriculture as the *central element*, promote the development of the entire national economy. The whole Party must gain a deep understanding of Comrade Mao Tse-tung's idea that national economic development should be based on agriculture, and agricultural production should be made *paramount* [emphasis supplied.—E.K.].¹ The CPC leadership's scheme for the new "central element" would at first glance seem to reflect China's specific agrarian conditions, but its practical implementation could in fact reduce the economic growth rate and lead to a drop in social labour productivity and the people's living standard. In seeking to switch to agriculture, on the above-mentioned pattern, all the major manpower, material and financial resources, and to reorient every sector upon agriculture, the Maoists hoped to turn the latter into the chief and only source of financing for all the other sectors of the national economy and refused to reckon with the fact that such a source, mostly feeding on the farmers' overintensified labour, could not be lasting and reliable and was very soon bound to run dry.

Nevertheless, the 9th Plenary Session of the CPC Central Committee in 1961 followed up the "agriculture is the basis of economic development" line by setting the task of reducing the volume of capital construction in industry, heavy industry in particular, and gearing all the sectors of production to service agriculture. In April 1962, the Third Session of the Second NPC put forward ten tasks for "ordering" the national economy, once again laying the main emphasis on boosting agricultural production, and also on the need "to balance out, in a proper and comprehensive manner, the sectors of the national economy in the following order: agriculture, light industry and heavy industry".² At the 10th Plenary Session of the CPC Central Committee in September 1962 more was said about the need "strictly to implement Comrade Mao Tse-tung's general line for the national economy: agriculture is the basis of the national economy, and industry—its leading force; to make agricultural development our *foremost concern*,

¹ *Hung chi* No. 16, 1960.

² *Jenmin jihpao*, April 16, 1962.

seek the correct solution for the question of correlation between industry and agriculture, and *resolutely to restructure the various industries in line with the concept that agriculture is the basis of the national economy*"¹ [emphasis supplied. — E.K.].

Concrete proposals to implement the "agriculture is the basis" line boiled down to the idea that the whole of industry should be made to service agriculture; that "in the distribution of financial resources, manpower and the means of production, it is first of all necessary to meet the requirements of agriculture, and only then to regulate industrial production"²; and that "in the use of manpower, material and financial resources, and in organising any kind of work agriculture must be the main concern in deciding the proportions in economic construction".³ Under the new line, every single branch of the national economy, including heavy industry, was not only duty bound to overfulfil the state plans, but also to turn out agricultural machinery, chemical fertilisers, pesticides, fuels and building materials for use in agriculture. This often called for technological, as well as organisational, restructuring of various lines of industrial production, something that hindered the plants' basic activity, and instead of producing the desired results merely gave rise to fresh difficulties, of which there had already been a great many since the failure of the "great leap forward".

The need to start with agriculture in restoring the economy upon the failure of the "great leap forward" was due to a pressing need to tackle the food problem, for the sharp drop in the output of staple crops caused by the crop failure of the three preceding years had reduced the people's level of consumption to the barest minimum. In these conditions, the Maoists had to some extent to redirect the country's efforts and resources to bale out agriculture: to increase investments and credits, to improve and extend the building of irrigation schemes, and to supply agriculture with more means of production, that is, to give it every possible kind of financial, material and technical aid.

¹ *Jenmin jihpao*, September 12, 1962.

² *Hung chi* No. 7, 1962.

³ *Hsuehshu yuehkan* No. 1, 1961.

But the measures taken to assist farming were often at cross-purposes with the general interests of development of the country's productive forces, doing outright damage to industry, without creating any sound basis for agriculture. In the two or three years of the "ordering", the food problem was of course somewhat alleviated owing to the dispatch of about 30 million men from the towns to the countryside, but the rapid exodus of manpower from the cities had a negative effect on industry, because in most instances it also affected the hard core of the labour force: of the 30 million men moved into the countryside, about 12 million were regular industrial workers and staff. The massive dispatch of regular personnel for one or two years' work in the countryside did not justify itself either: agriculture gained nothing, while industry was deprived of skilled manpower. Meanwhile, there was utter neglect of the instrument that would have been fairly effective in Chinese conditions: improvement of organisational work in agriculture, above all, the rational use and distribution of the available manpower.

Many of the large modern plants built over the preceding years with a large input of effort and resources were now being made to produce small agricultural implements, irrespective of their main line of production, whereas farming machinery plants were not being used to full capacity. In 1961, for instance, the Loyang tractor works, with a rated capacity of 15,000 tractors, turned out 8,000; in 1962 and 1963, it produced no more than 8,000-10,000 tractors, and only in 1964 did the figure rise to 12,000; the Red Banner tractor works at Anshan and the October plant at Urumchi did nothing but repair tractors and make small farm implements. Far from working essential improvements in the material and technical basis of agriculture, these changes in the work of industrial enterprises undermined the basis of industry, and consequently of the whole national economy.

Theoretical conclusions were tailored to the new line and the practical work being carried on in the country. Chinese economic views of the role of agriculture in the national economy were said to have evolved as follows: "The idea that agriculture is the basis of the economy was put forward by Comrade Mao Tse-tung very long ago. As socialist

construction advanced, the economists gained a deeper comprehension of this concept. Very recently they came to realise that agriculture is the prerequisite of industrial development, for it provides food, raw materials, manpower, funds and a wide consumer market. Then the economists came to realise that comprehensive balancing out of 'agriculture, the light industry and the heavy industry', in that order, was of great importance for the regulation of national economic plans. Gradually, step by step, the economists came to realise that industry, heavy industry in particular, should above all be oriented to serve the interests of agriculture.¹ Solely on the strength of the fact that agriculture supplies industry and the national economy at large with grain and other foodstuffs, raw materials, manpower, markets and funds for construction, the Maoists have drawn the conclusion that farming has to play an exclusive and expressly paramount role in the country's economic upswing, so that all the other sectors should be made to serve its interests.

Naturally, no one will deny that manpower, raw materials, markets and so on, are a necessary condition for industrial development, or that food is a necessary condition for man's existence. But it does not follow that farming can be made the cornerstone to the neglect of industry, and that this can be described as a "discovery" in the political economy of socialism. The importance of agriculture in any economy, like China's in particular, does not at all mean that agriculture can develop all by itself, for its progressive evolution is only possible provided large farming machinery is introduced into it, that is, provided there is priority growth in the production of the means of production.

The Chinese leaders and economists seek to back up their tenet that agriculture is the basis of economic development as a whole with references to Marx. First of all, they say, those who do not recognise the correctness of the "agriculture is the basis" line simply fail to realise that, as Marx put it, "the bourgeois mode of production makes for more rapid development in industry than in farming. The distinction, however, is historical and could well disappear". And

¹ *Hung chi* No. 1, 1963.

second, "surplus labour in agriculture is the material foundation for the existence and development of every other branch of the national economy".¹

True, Marx wrote in his *Capital* that "an agricultural labour productivity exceeding the individual requirements of the labourer is the basis of all societies...".² But, first, Marx dealt with the productivity of agricultural labour, which is largely determined by the technical level rather than with farming as such. Second, in this particular instance Marx set out the standpoint of the physiocrats, adding that their standpoint was nothing but the most primitive conception concerning "the natural conditions of surplus-labour and thereby surplus-value in general", a view that was only possible at a lower stage in the development of bourgeois society, when it was fresh, original, profound and justified, whereas the parroting of these views in the new, altered conditions was platitudinous, stale and false.³

The Chinese press wrote that two main concepts emerged on the question of whether "agriculture is the basis" proposition was a universal law. One concept was that it was "a law common to all social formations, irrespective of their distinctions, something that is conditioned by the properties specific to agriculture itself and its place in the economy".⁴ The other concept was that "the fundamental role of agriculture is due to the economic structure and specific features of socialism itself, that it is a law inherent in socialist society, and that in capitalist society, where agriculture lags behind industry, agriculture as such cannot be the basis of economic development".⁵ Others held that "agriculture is the basis" and "priority development of heavy industry" were two different laws, the latter being a preliminary condition for the development of the national economy; that "unless agriculture is transformed on socialist lines and re-equipped in economic terms, it cannot be the basis of socialist society"; or that "in recognising agriculture

¹ *Jenmin jihpao*, August 22, 1960.

² K. Marx, *Capital*, Vol. III, p. 766.

³ *Ibid.*, p. 767.

⁴ *Hsuehshu yuehkan* No. 1, 1961.

⁵ *Ibid.*

as the basis, one must never think that it is always necessarily predominant and so reduce the country's development to the development of agriculture".¹ The latter views were given a hostile reception by the Maoists, for they contradicted Mao's statement that "agriculture is the basis" was "by no means a temporary line, but a fundamental long-term line".² An editorial entitled "Warmly to love agricultural labour, to increase agricultural production, and to build fine and happy rural people's communes", in *Jenmin jihpao*, said on October 23, 1960: "The Party's line that agriculture is the basis of the national economy is the principal, strategic line which is meant to last. This line is of deep-going political, as well as great economic significance. It is to play an important role not only in stepping up socialist construction, but also in communist construction in the future."

When the Soviet country was in a state of extreme devastation and the workers and peasants were exhausted by the seven years of war, Lenin pointed out their main task for the immediate future: without dissipating one's energies on extensive plans for industrial construction, to bring in the grain and other foodstuffs, and, the programme notwithstanding, to use the gold stock, earmarked for buying means of production, to buy consumer goods. He wrote: this "will, of course, be a violation of the Programme, an irregularity, but we must have a respite, for the people are exhausted to a point where they are not able to work".³ But, Lenin believed, the grave situation and the backwardness could be finally overcome only after the whole of Russia was restructured on the basis of large-scale machine industry. To counter the Right-wing deviationist stand, taken by Bukharin, Rykov and others, who minimised the role of industry, insisted on lowering its growth rate, and turned an expedient into a principle, a doctrine and a development prospect, the Communist Party came up with a clear-cut platform whose main conclusion was that rapid industrial growth was the key to the reconstruction of agriculture.

¹ Ibid.

² *Jenmin jihpao*, August 22, 1960.

³ V. I. Lenin, *Collected Works*, Vol. 32, p. 225.

As for the Maoists, upon the failure of their policy of exaggerated industrialisation, they swung from that to the other extreme. Having proclaimed the Party's strategic line to be one of regarding agriculture as the basis of the national economy, the Maoists put off the country's socialist industrialisation for an indefinite future, for 50 or 80 years or even longer, according to some CPC leaders. Under this programme for holding back industrial growth, China could well remain a backward country for years to come.

Whatever the Maoists' theoretical "discoveries", they simply cannot in actual fact ignore the interdependence of the various branches of the national economy. The scheme to "regulate the national economy in the agriculture—light industry—heavy industry sequence"¹ means that it is first necessary to advance farming, to raise light industry on its basis, and only then to get on with heavy industry. But steady growth in agriculture cannot be achieved solely at the expense of intensified peasant labour, without having industry provide it with fundamental assistance in boosting its productive forces. Farm machinery and chemical fertilisers, for their part, cannot be produced without any pig iron, fuel, coal, electric power and other means of production. Since China's industry is still unable to produce, and the economically unfledged collective farms are unable to purchase and make efficient use of large farm machinery, the main emphasis in the technical reconstruction of agriculture has been laid on "semi-mechanisation", that is, the introduction of small and medium-sized implements which have been improved as compared with primitive implements, but which fall far short of modern technical standards.

Despite the considerable volume of production of improved farm implements, the per-hectare ratio is still very low, the average being one to every three or four hectares of sown area. In view of their low quality, many of these soon break down. That is why, despite their important role, improved implements cannot help essentially to boost the productivity of farm labour. But past experience shows that

¹ *Jenmin jihpao*, October 14, 1969.

stable crop yields in China can only be achieved on the basis of higher labour productivity and intensified farming. To solve the grain problem it will be necessary, among other things, to develop the largest possible area of virgin land, something that cannot be done without large farm machinery. At the lowest estimate, China will need 1.2-1.5 million tractors (in 15-h.p. units), with at least 120,000 to 150,000 tractors used annually as replacements, whereas China's production of tractors currently amounts to about 25,000-30,000 a year. Besides, China's farming requires at least 25-30 million tons of mineral fertilisers, which is still far above the country's actual output despite its marked increase over the past few years (8.9 million tons in 1968 and 1969).

The Chinese leaders have ignored the experience of the Soviet Union and other socialist countries in advancing the productive forces and, what is of particular importance for China, in the technical reconstruction of agriculture, and have done their utmost to emphasise China's "unique" way towards industrialisation. To this end, they have twisted all the facts. They have alleged, for instance, that of "the two ways of socialist industrialisation", China's way provides for a simultaneous and proportional development of industry and agriculture, whereas other socialist countries have turned the priority development of the production of the means of production into an absolute, concentrating on heavy industry but paying little or no attention to farming and the light industry.¹

Since the Maoists' theoretical "discoveries" have gone hand in hand with bad economic failures, they have had to confine themselves to claiming, if only on paper, "victories" for Mao's current "ideas". That also applies to the much advertised "walk-on-both-legs" set of lines. Although its consistent implementation could have enabled China to advance in line with its specific social and economic conditions and to achieve simultaneous and proportional development in industry and agriculture, large and small-scale production, and so on, practice has shown that as a result of unwarranted emphasis being laid on one "decisive link"

¹ *Takung pao*, May 22, 1961; *Jenmin jihpao*, October 14, 1969.

or another in the overall national economic complex and its role being exaggerated out of all proportion, the Chinese economy has stumbled heavily now on the one, now on the other foot.

The claims for China's unique way of industrialisation—industrial development solely for the purpose of servicing agriculture—are obviously groundless, for they ignore the interdependence of the various sectors of the national economy. It is absolutely necessary to find an optimal balance between the various sectors, which should allow for the country's specifics, this being a major condition for the successful fulfilment of the tasks of socialist construction. This can never be done, however, if any one sector, albeit of major importance for the country's economy, is made to prevail over all the others.

The hard lessons of life have made the Maoists modify their "agriculture is the basis" line. In their efforts to stabilise the economy following the 1961 recession so as to achieve economic progress at least in some of the sectors, they had to take steps to normalise the work of some large enterprises in the basic industry, to order industrial plant in foreign markets, and so on. At first, the "industry face the countryside" thesis meant that farming should be assisted by every single sector and enterprise, irrespective of their line of production, but later it came to mean support for agriculture from local industry, while nothing was being said about its support by modern large-scale industry.

One must point out that over the past few years the "agriculture is the basis, and industry—the leading force in the development of the national economy" line has come to mean something quite different. The fact that at the 9th Congress of the CPC it was described as a major line of economic construction in China probably meant that the Chinese leadership continued to regard agriculture as the main source of financing for any development programme. As for the scheme to regulate the national economy in the "agriculture—light industry—heavy industry" sequence (although that scheme was also reaffirmed at the 9th Congress), it can hardly be realised so long as the country's main resources go into a military build-up.

"Chairman Mao's strategic idea"—"preparation for the event of war"—gives a very accurate description of the principal objective of industrial construction in modern China. In 1969 and 1970, the militarisation of its economy became a tangible reality: paramount attention is now being given to military production; military methods are being used in everyday work; material and technical reserves are being built up, and industry is being spread throughout the country.

The utmost use of China's fairly weak industrial base is being made for military production, that connected with the nuclear-missile programme above all. The concentration of material, financial, scientific and technical effort in that sector is coupled with the semi-stagnant state of the main civilian sectors, and is being carried on by "sapping" the country's on the whole poorly developed economy. The military complex itself has been isolated to the very utmost. The narrow range of enterprises within its framework have been detached from industry at large and have the state's particular attention and preferential treatment: the centre has been providing them with clearly defined tasks and controlling their fulfilment, and they have had abundant state financing and material and technical supplies, benefits increasingly denied to civilian sectors. There is good reason behind the fact that the destructive power of the "cultural revolution" has had next to no effect on the arms industry and very little effect on the enterprises directly servicing it. Here the mechanism of the strictest military control has been at its most effective.

Nuclear-missile production has grown at the expense not only of the civilian sectors, but also of the conventional arms industry. The best plants in the aircraft, artillery, radio-engineering, and electronics industries are being switched to nuclear-missile production. The use of civilian industries to make military hardware is also being considered. At the major enterprises in the heavy industry, equipped with the most modern plant, the main emphasis is now being laid on improving quality and extending the product mix, above all in the ferrous, non-ferrous and rare metals, electronic equipment and instruments, oil products and plastics. In view of the inadequate development of the

basic industries—the power, fuel, petrochemical and metallurgical industries, and also those producing modern machinery and equipment—the problem of providing material and technical backing even for the arms industry, whose requirements are always met first, has become quite complicated. True, imports are often used to make good the shortages in the arms sector, for the bulk of the imported ferrous metals, rolled stock, equipment and instruments has gone into arms production.

To sum up, for more than a decade now, the Chinese economy has been operating to the scheme of some single "decisive factor" (like steel during the "great leap forward", farming in the "ordering" period, or preparation for war at the present time), something that calls for a concentration of the basic manpower, material and financial resources on one sector after another, and also for rapid changes—sometimes even U-turns—in the development of production, for its organisational and often technological restructuring. The "priority" development of one sector at a time has upset the coherent economic proportions and has for many years prevented China from creating any lasting material conditions for extended socialist reproduction, of which Lenin wrote: "Those are the only material conditions, the material conditions of large-scale machine industry serving tens of millions of people, they alone are the basis of socialism, and to learn to deal with this in a petty-bourgeois, peasant country is difficult, but possible."¹

The Idealisation of Small-Scale Production

Over the past few years, significant changes have taken place in the Chinese view of socialist industrialisation as the development of large-scale modern production of the means of production. Industrialisation is now being construed as industrial development in general, which includes as its component, and even as the basic component, the massive development of small-scale industry.

There is nothing wrong in the idea of increasing small-

¹ V. I. Lenin, *Collected Works*, Vol. 27, p. 298.

scale industrial production together with the development of large-scale industry; indeed, at a low level of the productive forces, when financial and technical resources are extremely limited while manpower is in abundance, small-scale production plays a fairly important role, because while requiring little expenditure it helps to make fuller use of the manpower and local raw materials, and also to improve consumer supplies on the domestic market.

During the first five-year period, industrial construction in China centred on large enterprises, the backbone for which was provided by the modern enterprises that were being built with Soviet assistance. While emphasising the importance of concentrating on pivotal, large-scale projects, the First Five-Year Plan pointed out the need to build "medium and small plants and factories". In this context, Li Fu-chun said in his report on the first five-year period that two deviations had to be straightened out. The first was that no account was being taken of the overall situation, and no distinction was being made between important and unimportant, urgent and less urgent matters, so that small and medium enterprises mushroomed in a haphazard way, so hampering the balanced construction of pivotal projects. By contrast, the second deviation was that only large enterprises were being built, whereas the small and medium ones were being neglected. It was subsequently pointed out at the 8th Congress of the CPC that some mistakes had been made in the adjustments between the building of pivotal projects and all-round planning. Thus, in 1956 (during an "upswing in socialist construction") local men in some sectors of the economy in various parts of the country showed a tendency to start as many projects at once as possible and, regardless of the consequences, to run ahead of the natural course of events. That affected the construction of the leading projects, and led to financial difficulties and to a squandering of manpower and material resources. At the 8th Congress of the CPC, the latter deviation was exposed and criticised by the Central Committee.

In 1957, apart from starting an economy drive to ease the short supply of coal to the national economy and individual consumers, the PRC Government adopted a decision

to launch the construction of locally controlled small and medium-size coal pits, something that could be done fairly quickly and without much investment. Under the decision, 11.6 million yuan were allocated for 40 pits in 19 provinces, so that by the end of 1957 these pits were producing something like 6 million tons of coal. In 1957, a decision was also adopted to build 18 small and medium-size metallurgical plants in various provinces, with 600-700 million yuan allocated for the purpose. These plants were to increase the country's annual output of pig iron by 2.5 million tons, and of steel—by 1.7-1.8 million tons.

Here is how China's central press sought to justify the need for and the advisability of building small metallurgical enterprises under a ferrous-metal shortage. The cost of a 1.5-million ton steel mill is equal to that of 11 to 13 small metallurgical plants with a total capacity of 1.7-2 million tons. It would take at least six years to build a large steel mill, which would start producing only in its fourth construction year, whereas a 160,000 ton plant could be completed in only three years, and would start producing in its second construction year. Small and medium-size mills would help to make fuller use of the smaller coal and iron-ore deposits in various parts of the country, and more use of metallurgical equipment made at home, something that would help the state to save a good deal of foreign exchange and to improve ferrous-metal supplies to the national economy. In view of the relatively low level of mechanisation and automation at the small and medium mills, they would have to employ more workers, which was quite possible in China's conditions.

During the hard years of economic rehabilitation in the young Soviet Republic, Lenin pointed out the need to use small-scale industry to help meet the demand for manufactured goods and advance the productive forces. In emphasising the temporary role small-scale industry had to play in the boosting of the country's productive forces in that period, Lenin wrote that the only way out of the grave situation was to restore the productive forces, but not on the old, petty and beggarly basis, but on a new basis of large-scale industry and electrification. He wrote: "Large-

scale industry is the one and only basis on which we can multiply our resources and build a socialist society."¹

As for the CPC leaders, having taken the road of subjectivism in economic policy and casting about for ways to effect "leaps" in production, they have turned into an absolute the proposition that small-scale production in China can and must be developed. Thus, during the first five-year period, small-scale construction was believed to be advisable so long as it did not hinder the construction of pivotal projects and was a great help in meeting the country's needs, whereas during and after the "great leap forward", small-scale production was said to play an exceptional role. While arguing for a strict line of simultaneous construction of large, as well as small and medium-size enterprises, and for simultaneous use of modern and primitive production methods, the Maoists, nevertheless, urged more attention to the "smaller modern mass-producing" and "smaller simple mass-producing" enterprises, since, they believed, the extensive development of such enterprises would be decisive in increasing the industrial growth rate and rapidly strengthening the weaker sectors of the economy, and would also help to spread out industry throughout the country in a rational way, eliminate its excessive concentration, make great advances in science and technology, and train many skilled cadres.

The mass construction of small enterprises came to be regarded as a long-term economic policy rather than a temporary measure. On November 25, 1958, *Jenmin jihpao* wrote: "The building of small enterprises with the use of handicraft methods and involving great masses of people is no makeshift way out of the difficulty, but a component of our long-term policy of industrial construction." But while one can see the reason behind the theses that in China's specific conditions traditional methods of production will have to be used for some time to come, one can hardly accept the view that these are to be preferred to modern methods. Still, the Maoists have in every way played down the role of modern large-scale production and have sought to prove that the "smaller simple mass-producing" and the

¹ V. I. Lenin, *Collected Works*, Vol. 32, p. 408.

"smaller modern mass-producing" enterprises are of strategic importance in China's industrialisation.¹

In defining the role of small-scale production in the country's economic development, they have refused to see its weaker points, laying stress on aspects which are of undoubted importance for China, but which suggest a highly superficial conclusion about the advantages of small-scale over large-scale production: "Small and medium-size enterprises have the advantages which big enterprises do not have: they require less investment and more easily absorb funds from scattered sources; they require less time to build and produce quicker results; they can be designed and equipped locally; they can make do with various simple types of equipment which are readily available in the localities. They can be set up over a wide area so as to facilitate industrialisation of the country as a whole, promote the training of technical personnel throughout the country and balanced development of the economies of the various regions. They can produce a great variety of goods and can be flexibly adapted to produce new types of goods. Close to the sources of raw materials and markets, they can reduce transport costs and make flexible use of available resources, making it easier to bring about a satisfactory relation between supply, production and sales. It is easier for them to make flexible use of the labour power available in the countryside and of casual labour, depending on the amount of work to be done, and thus help reduce the differences between city and countryside, between workers and peasants."² This says nothing, however, about the main thing: the low technical and economic standards of small-scale production.

The attempt to attribute to small-scale production decisive advantages over large-scale production never had a leg to stand on: it was wrong, in the first place, to assess small enterprises solely from the standpoint of the country's requirements (with its resources scattered, its manpower in great supply, and so on), without taking account of the productivity factor or the efficiency of labour. The conclu-

¹ *Hung chi* No. 16, 1960.

² *Second Session of the Eighth National Congress of the Communist Party of China*, p. 49.

sions about small-scale production being effective, which took into account construction and transport economies alone, without considering the full per unit costs of production, proved to be premature. The advantages of the small enterprises, the "small simple" (or "small traditional") enterprises, in particular, have turned out to be imaginary.

The size of the "small traditional" enterprises will give some idea of their technical specifications: there were blast furnaces with a volume of 0.5-13 cubic metres, converters with a volume of 0.13-0.26 cubic metres, and power stations with a capacity of 5-10 kw. These "back-yard furnaces" were cane-and-mud or straw-and-mud affairs built for the use of manual labour, and, not surprisingly, broke down almost at once. Most of these "small traditional" enterprises were very soon abandoned.

A description of the iron and wood working plant at the Hsuiwang People's Commune (Hopei Province), "a typical example of the small traditional enterprise", gives an even more vivid picture of the technical performance of these enterprises. It said: "When the plant was set up in 1958, its equipment consisted of no more than a few furnaces and a pair of tongs. But despite these limited possibilities, the commune's members made seven lathes, one planing machine, and many other machines."¹ According to the Chinese press, in 1958 the Nanking Machine-Tool Factory No. 2, which up to then had been producing only things like platform balances, and that mostly by hand, started making lathes "with the aid of very simple mechanisms and hand-tools". The Chinese press wrote with something like pride that these industrial enterprises employed "one-time farmers and housewives who, no more than two years ago, did not have the slightest idea of industry". Thus, for instance, the industrial enterprises of the Sian people's communes employed 54,000 recent housewives, that is, 80 per cent of their total work force.

The lack of the most elementary skills among those who worked at the small enterprises and the primitive equipment they had to use made for extremely low technical and economic standards. Thus, the amount of ore that went to produce

¹ *Hsinhua News Bulletin*, October 7, 1960, pp. 8-9.

one ton of pig iron, or that of pig iron to smelt one ton of steel at the small enterprises was nearly double the figures at the large modern enterprises. Even the best local chemical fertilisers were only 10 to 20 per cent as effective as the mineral fertilisers produced by modern enterprises. In view of the extremely low labour productivity and poor technical and economic performance combined with a relatively small volume of output at each of the smaller enterprises, the prime cost of their products was much higher than that of the modern enterprises. Thus, for example, the cost price of a ton of pig iron produced by the small furnaces was 70 per cent above the state price.

Having turned out to be unprofitable, small-scale industry had to be subsidised by the state, so that its direct losses amounted to more than 4,000 million yuan. The indirect losses suffered by modern large-scale production were almost as high, for the fuel, raw and other materials, and skilled personnel it needed were being constantly diverted into small-scale production. Consequently, neither the relatively low construction costs, nor the transport economies, nor yet the very low pay received by workers in small-scale industry could compensate for the huge losses eventually suffered by China's industrial production as a result of the excessive development of small-scale industry.

In spite of their considerable scale of production, the handicraft outfits could not provide a reliable basis for industrial development. Thus, during the acute fuel and raw material shortage in the mid-1960s, the small pits, mines and coking batteries, far from making up for the planning errors in the coal, coke and iron ore sectors, in fact failed to meet their plan targets.

There was, perhaps, some justification for the massive building of "small traditional" enterprises in branches with simple production technologies and unsophisticated products, but when enterprises using primitive methods were built for the production of complex and high-quality goods requiring modern equipment, these were found to be in need of reconstruction and re-equipment soon after they were started and long before the normal depreciation deadline, because they were turning out mostly substandard products or even downright rejects.

It is indicative that in 1959 some slight changes were already being made in the small-scale construction line: emphasis was now being laid on "small modern" rather than "small traditional" enterprises. In ferrous metallurgy, for example, the several hundred thousand small iron smelting furnaces were replaced by about 300 sets of blasting furnaces situated close to ore deposits and communication lines, and equipped with more up-to-date plant, which served to some extent to improve the performance of the furnaces, and also to release several million farmers engaged in iron smelting. In 1960, there were reports of technical reconstruction being carried on at most small metallurgical plants, and also at something like 10,000 small pits, mainly built in 1958. Still, there were no marked changes in the technical level of the small enterprises, which continued to fall far short of modern requirements.

The Chinese leadership was deceived in its hopes of small-scale production speeding up China's industrialisation. In spite of the enormous amount of effort and expenditure, industrialisation was a failure. The significant increase in the capacity in the heavy industry and the large share of production of the means of production in the gross output of industry as a whole did not reflect the actual state of China's productive forces. The whole point was that the wear of large-scale modern equipment was not being made good through reproduction, for most of its output (including equipment) went into small-scale production and soon lay idle: one-third of the capacity in metallurgy and nearly 40 per cent of that in the coal industry which had been operational during the "great leap forward" was now simply abandoned, while many of the instruments and objects of labour produced from 1958 to 1960 were unfit for use because of their extremely low quality. As a result, the mounting tautness of fuel, raw and other material supplies gave way to an outright drop in production.

The shutdown in the course of the "ordering" of most small enterprises based on primitive production methods meant that large-scale modern industry was playing a more important part in the overall (though much reduced) industrial output as compared with the 1958-60 period. The insignificant facilities started from 1961 to 1965 were also mostly

of the larger factory type. China also bought some modern plants on the foreign market. Over the 1961-65 period there was a slight increase in the technical level of production at some of the operational enterprises. In 1963, the degree of mechanisation in coal drifting was up by 10-20 per cent, and hydraulic extraction and high-speed drifting were being used on a wider scale. In the oil industry, the Chinese press wrote, three-quarters of the most important and comparable technical and economic indicators in drilling, extraction and refining were well above the most advanced earlier levels. In the cement industry, the productivity of machinery went up by about 1.5 per cent.

But the overall technical level of China's industry at the "ordering" stage, as compared with the preceding period, was rather lower than otherwise. This conclusion is suggested by the following facts: 1) the more rapid wear-out of equipment at the large modern enterprises during the "great leap forward", 2) the freezing of many of the larger modern industrial projects, 3) the almost complete cessation of equipment imports (complete sets in particular) from the Soviet Union and other socialist countries, with imports from the capitalist countries still being limited.

In the "ordering" period the Chinese leadership took into account the grosser errors of the past and, while still giving priority attention to small-scale production, modified its attitude to the latter in its economic practices. First, the extent of small-scale construction was markedly reduced (true, that of modern large-scale construction was also down) and the main emphasis was no longer being laid on "small simple", but on "small modern" production. Second, there were fewer incursions by small-scale production into the more sophisticated economic sectors, it being increasingly confined to the light, mining, chemical (mineral fertiliser) and building materials industries and the making of farm implements, that is, industries with fairly simple production technologies and not very elaborate products. Much more attention, however, was still being given to the construction of small enterprises than to the restoration and building of the larger ones, something that meant that apart from the objective difficulties the role of modern

large-scale production in boosting the productive forces was being underrated and deliberately played down.

Let us note that in 1969 and 1970, some new tendencies emerged in the development of small-scale production. The mounting military psychosis and the consequent striving for a self-sufficient regional economy spurred on the development of local small-scale production to well beyond the framework of a sensible economic policy. The press started carrying regular reports about small rural districts, people's communes, and big or even small producer brigades building "at their own expense, by means of their own manpower, and from local materials" small local enterprises to produce not merely chemical fertilisers, farm implements or consumer goods, but steel, electric power and even lathes and other equipment, it being emphasised—as it had been during the "great leap forward"—that many of these enterprises were short of the simplest instruments of production, and that one-time housewives made up the bulk of their work force.

But while in scale and nature the recent policy of encouraging small-scale production goes back to the "great leap forward", the necessary resources no longer come from the state budget, but from the localities themselves, so that the state is no longer in danger of incurring a loss. Besides, while trying to prove the advantages of small-scale production in the civilian sectors, the Chinese leadership has been trying hard to build up a modern large-scale military-industrial sector.

Practice shows that small-scale production, to say nothing of "small-scale traditional" production, has as yet failed to justify the Maoists' hopes of "speeding up industrialisation and the mechanisation of agriculture". Nor is there any substance to their hopes that the growth of small-scale production will "speed up the process of erasing the distinctions between town and country". Far from raising the countryside to the urban level the massive construction throughout China of small and minute industrial enterprises tends to reduce the town to the technical level of the backward countryside. The fact that the Chinese peasant builds small primitive furnaces, makes primitive farming implements, or engages in any other kind of industrial activity,

does not turn him into a worker. To obliterate the distinctions between town and country will take a very long time and will call for a great stride forward in the development of the productive forces and the overcoming of the drag exerted by the numerous remnants of small-scale production, the powerful force of habit, and the inertia bred by these remnants. But if, by spreading small-scale production, the Chinese leadership does in fact manage to achieve some levelling out in social and production terms, it is bound to result in the technical degradation of production and the worsening of the regular work force.

NEGLECT OF MATERIAL INCENTIVES IN THE DEVELOPMENT OF PRODUCTION

Marked changes in the old incentives system have been a component part of the "politics is the guide" principle, widely advertised over the past few years.

From the outset of socialist construction China was faced with the task of setting up a wages system that would provide material incentives for a growth in production and an increase in the technical level of workers and staff. The grandiose plans for the rehabilitation and development of the productive forces in the once backward, semifeudal and semicolonial country called for a distribution system that would serve to "reward those who, after suffering tremendous hardships, continue to display heroism on the labour front".¹

Society's material inducements for the working people to develop production are based on social property in the means of production. These stem from the fact that the welfare of society as a whole and, consequently, of each of its members in particular, depends on the overall level of social production: the people's welfare increases together with the growth and improvement of social production, the rise in labour productivity, and the growth of the national income. That being so, Lenin suggested that fulfilment of the economic programme should be noted and encouraged, so that the masses should feel, as well as know, that "the

shortening of the period of hunger, cold and poverty depends entirely upon how quickly they fulfil our economic plans".¹

It was all the more necessary to give the masses an interest in the growth of production in view of the extreme hardships China's working people had had to suffer under the triple yoke of foreign imperialism, feudalism and national capitalism. A worker toiling from 12 to 16 hours a day had often been unable to feed his family, getting wages below the subsistence level. Moreover, these were further reduced by diverse fines and deductions, besides being paid out after long delays.

Upon the victory of the people's revolution in 1949, steps were taken to improve the working people's material condition: working hours were reduced to 8-10 a day, a minimum wage and the principle of equal pay for equal work were introduced, a social security system was established, and prices were stabilised. To increase the workers' material interest the state introduced a progressive piece-rate system and reviewed the rates system. Thus, an eight-category rates scale was started in 1951.

As the tasks of socialist industrialisation were tackled during the first five-year period, the working people's material interest in raising labour productivity and improving their skills had to be markedly increased. The need was made even more imperative by the acute shortage or, in some branches, nearly a total lack of engineers, technicians and skilled workers. That is why, "to enhance the inducement for workers and staff to increase their business and production skills, to strengthen and promote their labour initiative, further to extend the front-rank workers' movement, to increase labour productivity, and to meet ahead of time and to surpass the great targets set by the First Five-Year Plan", the State Council adopted a decision in June 1956 on appropriate wage increases and a further reorganisation on that basis of the wage system at the enterprises, establishments and state institutions, on the principle of payment according to one's work. The decree "On Wage Reorganisation" pointed out the need to do away with the existing shortcomings in the wage system, notably,

¹ V. I. Lenin, *Collected Works*, Vol. 34, p. 508.

¹ Ibid., p. 511.

some irrational practices that had been left over from the old wage system and had survived earlier reforms. The decree also said that in view of the rapid growth of and changes in the national economy fresh problems had emerged which had led to some wage practices that cut across the principle of payment according to work and the needs of production. Wage levelling was taken to be the gravest shortcoming and the State Council's decree said that every effort had to be made to overcome any shortcomings of this kind. The decision emphasised the need to increase the role of wages as a material incentive for steadily developing the national economy and gradually raising the living standards of workers and employees.

Apart from providing for a general rise in the wages to all workers and employees, the 1956 decree provided for additional wage increases in the heavy industries and the main areas of economic construction, and for highly skilled workers and highly trained scientific and technical personnel.

To eliminate the shortcomings in the rates system, under which there was no marked difference between wage rates for skilled and unskilled, or hard and easy work, wage differentials were established for workers in the higher and the lower skill categories, and for those working in difficult and normal conditions. To put an end to wage levelling wage rates for piece work were set at higher levels than those under time-pay schemes. Official salaries for white-collar workers, engineers and technicians were differentiated to establish special surplus payments for technical know-how for the most highly trained experts, and personal salaries were provided for some highly trained engineers and technicians.

The decision said that in the course of 1957, piece-rate schemes were to be introduced fully or largely wherever possible, with piece rates increasing from the lower to the higher categories, and also provided for an improvement of the system of bonuses for starting new lines of products, for fuel, electric power, raw and other material economies, quality improvements, and overfulfilment of plans.

Consistent implementation of these measures could have done much to encourage the growth of the people's revolu-

tionary enthusiasm in socialist construction, and to confirm them in their belief that "the state not only persuades, but also rewards good workers by creating better living conditions for them..."¹

But in the course of the 1957 adjustment movement and especially during the "great leap forward", the main propositions of the 1956 reform were reviewed. The CPC Central Committee came out for narrowing the gap between the highest and the lowest wages so as to "eliminate the contradictions" between administrative and non-administrative personnel, old and young workers, and workers in the highest and the lowest skill categories. The difference in the wage rate for higher and lower categories of workers was again reduced. It was also decided to award categories to workers not on the strength of their technical training, but largely of political maturity, or, as it was first phrased, "to implement the principle of combining material incentives with political and ideological training". Thus, whereas following the wage reform there was a marked rise in the average wages and material welfare of the industrial and office workers in 1956, during the 1957 better working methods movement, wages, far from being increased, were in some places even lowered. The advocates of the new line insisted that the workers "welcomed" the new policy, which was said to show that "work in the sphere of wages and material well-being is both economic and political, so that if it is to be a success one must combine political and economic work on the principle that politics is the guide".²

The "rationally low" wage-system line was explained by the need to consider the country's specific features, like the size and poverty of its population, and also the requirements arising from the rapid development of the productive forces. The line was said to be a reflection of the fact that in sharing out the consumption fund "it is first of all necessary to consider the work of the 600-million strong population and the state of production in the country at large, rather than the work of a handful of people and the state of production in some particular branches". Since the labour-productivity

¹ V. I. Lenin, *Collected Works*, Vol. 31, p. 508.

² *A Study of Industrial Management*, Peking, 1958, p. 206.

level throughout the country was still fairly low, so that the level of consumption could not be high, it was necessary to advocate the distribution principle that "five men must eat the food of three", and always to bear this in mind when effecting distribution according to work. It was also pointed out that there had to be a marked increase in accumulations if the country was to carry out the Communist Party's "courageous" slogans: "by persistently fighting for three to five years to effect radical changes in the country's economic make-up" and "in 15 years or even within a shorter period to overtake and surpass Britain in the output of pig iron, steel and other major types of industrial products". The working people were not to be disturbed over the fact that more accumulation would mean a heavy cut-back in the consumption fund, which was already as small as it could be, because that was said to be in their best interests.

There is no doubt at all that in a country as poor and populous as China numerous difficulties lie in the way of improving the working people's life. In view of the need for rapidly advancing the backward productive forces in conditions of extremely scarce financial and material resources, the search for the optimal balance between accumulation and consumption in the national income should be particularly well considered. During the first five-year period, accumulation ran at 21-23 per cent of the national income, making it possible gradually to improve the people's living conditions, while carrying out an industrialisation programme, but during the "great leap forward" the hectic economic drive to fulfil the notorious "courageous slogans" called for an increase in the share of accumulation to 35-37 per cent and this instantly had a negative effect on the working people's material condition. Hence the striving to convince the people of the need to tighten their belts, allegedly for the sake of their own future, whereas in fact it was for the sake of the Chinese leadership's basically unscientific adventurist schemes.

In the light of the new requirements—"to tackle the wages problem first of all on the politics-is-the-guide principle"—the 1956 wage reform was denounced for its inadequate attention to the political aspect and its "excessive emphasis on material incentives". The piece-wage system

was said to disagree with the spirit of the CPC's general line, for it "1) adds to the contradictions between the state and the individual, 2) breaks up the solidarity of the working class, 3) breeds economism and bourgeois ideology, 4) prevents the worker from carrying out the technical revolution, fulfilling many kinds of work, and taking part in management, and 5) makes management too complex and wastes human resources". It was decided that a time-pay system was to be gradually substituted for the piece-rate system.

The bonus system was abolished together with the piece-rate system in the economic practices of the "great leap forward". Every existing form of payment and rate setting was broken up in the course of the movement to review work rules and regulations. Distribution according to work was condemned as being a bourgeois principle. During the first five-year period, attempts had been made to find the best blend of moral and material incentives for developing production, whereas upon the start of the "great leap forward" moral incentives were enshrined as an absolute. Material incentives, only recently regarded as a major economic instrument in boosting the country's productive forces, were now being fiercely attacked. The working millions were called upon "to fear no difficulties, to pay no attention to wages". There was much ado about those who were "inspired by ardent revolutionary enthusiasm" and "for the sake of the Party and the people paid no heed to personal loss or advantage".

The marked increase in the numbers of those employed in industry, carried out in the hope that the masses' revolutionary enthusiasm would do wonders, led to an increase in the wages fund. The average wage, however, went down in view of the massive recruitment of unskilled workers who were paid some 40 to 50 per cent less than was usual.

The fact that in socialist society ideological and moral incentives to work emerge and flourish to the extent that men have a material interest in the social results of their work was utterly ignored. Men have never developed and will never develop production for moral reasons alone, but will always be impelled to do so chiefly by material interests. It is quite natural, therefore, that the contraposition of

material and moral incentives and the wage levelling undermined working discipline and initiative, which led to a marked drop in labour productivity.

In agriculture the changes in the wage system were particularly pronounced. Up to 1958, members of producer cooperatives had had their work reckoned in work-day units on the basis of piece rates and a system of bonuses for the overfulfilment of production targets. Where a member failed to fulfil his plan in terms of quality or quantity because of poor workmanship, a definite number of work-days were deducted. But upon the establishment of the people's communes, the work-day pay system gave way to a new distribution system, combining payment for the work done with free supply of food and the prime necessities. *Jenmin jihpao* wrote on September 3, 1958: "In some people's communes the masses have decided of their own accord to turn the means of production into the property of the whole people, and in the distribution system to try out the wages or the free supply principle. Their experience is very favourable, for it has indicated the prospects for the further development of the relations of production in the countryside." The decision "On Some Matters Relating to the People's Communes", adopted by the Sixth Plenary Session of the Eighth Central Committee of the CPC in December 1958, said that "as the result of the bumper crops many communes have instituted a system of distribution that combines the wage system with the free supply system; the mass of peasants, both men and women, have begun to receive their wages, and those families which in the past constantly worried about their daily meals and about their firewood, rice, oil, salt, soya sauce, vinegar and vegetables are now able to 'eat without paying'. In other words, they have the most important and most reliable kind of social insurance. For the peasants, all this is epochmaking news."¹

Since the people's commune was declared to be the best organisational form of gradual transition from socialism to communism, it was held to be incontestable that the free

supply system instituted in the people's communes contained the beginnings of the communist principle of distribution "according to need". In their discussion on the nature of the free supply principle, the economists emphasised that the common thing about the communist principle of distribution according to need and the free supply principle in the people's communes was that both involved equal per capita distribution, and that this apart, free supply was still the socialist principle of distribution according to work. Only "with the proportion of what is supplied gratis under the distribution system of the people's communes gradually growing larger and the standards of free supply being gradually raised; with the consistent raising of the level of the people's communist understanding; with the constant progress of education for the whole people; with the gradual reduction of the differences between mental and manual labour; and with the gradual diminution of the internal function of the state power, etc., the conditions for the transition to communism will also gradually mature".¹

Consequently, it was held to be too early to declare free supply to be the communist principle of distribution according to need, for fear of "damping the masses' revolutionary enthusiasm in their struggle for communism". Those who did not see any advantages in free supply and said that it undermined the masses' material incentives and revolutionary enthusiasm were accused of "ignoring the role of political education and deliberately playing down the advantages of a free supply system". The Maoists, on the contrary, maintained that the free supply system was the embryo of communism in socialist society, highly important in that it enhanced the people's communist awareness, helped to do away with bourgeois ideology, brought leaders and subordinates closer together, and strengthened the union between the working class and the peasantry.

A few months after the CPC Central Committee adopted its decision "On the Establishment of People's Communes in the Villages" in August 1958, the free supply system was already in wide use. The magazine *Chingchi yanchin* carried an article entitled "The Free Supply System Is the Embryo

¹ Sixth Plenary Session of the Eighth Central Committee of the Communist Party of China, pp. 13-14.

¹ Ibid., p. 22.

of the Communist Distribution Principle in This Country",¹ which said that the free supply system "is spreading very rapidly throughout the countryside, that it could well spread to state bodies (pilot free supply schemes have already been launched within the framework of entire districts), and could gradually be echoed at the industrial enterprises, effecting partial changes in their wage system". In most rural people's communes at that time, free food supply to the farmers came to 70 and more per cent of the communes' consumption fund. The scale of free supply was all the more extensive in view of the initially popular view that "ownership in the rural people's communes is even now of the nature of ownership by the whole people and that very soon or even now they can dispense with the socialist principle of 'to each according to his work' and adopt the communist principle of 'to each according to his needs'",² and also that the sphere of free supply should become wider so as to supplant the principle of distribution according to work, whose practice under socialism, it was claimed, merely promoted bourgeois ideology.³

Within a few months of 1958, something like 500 million farmers were put on free food supply from the foodstuffs produced by the people's communes. The effects of this on subsequent food supplies were not long in coming: in many communes the annual free food stock was eaten up in five or six months, with the seed stock also frequently being consumed. As a result, there was much tension in the supply of food, clothes and essentials.

The distribution system under which most foods were distributed on an egalitarian, per capita basis made payments for the work done irrelevant to quality and quantity, reducing material incentives to nothing and markedly undermining the farmers' production efforts. By the spring of 1959, the turnout of farmers for field and other kinds of work had already dropped. By laying stress on the sharing, rather than the building up of the social funds, egalitarian

¹ *Chingchi yanchin* No. 11, 1958.

² *Sixth Plenary Session of the Eighth Central Committee of the Communist Party of China*, p. 18.

³ *Chingchi yanchin* No. 12, 1958.

distribution gave rise to parasitic attitudes among farmers, thus causing great harm not only to production, but also to the fostering of a communist attitude to work among the farmers.

The Chinese leadership's trust in the boundless power of massive revolutionary enthusiasm proved to be unjustified. But they could, after all, have easily taken into account the experience of young Soviet Russia, which Lenin had described as follows: "We expected—or perhaps it would be truer to say that we presumed without having given it adequate consideration—to be able to organise the state production and the state distribution of products on communist lines in a small-peasant country directly as ordered by the proletarian state. Experience has proved that we were wrong. It appears that a number of transitional stages were necessary—state capitalism and socialism—in order to prepare—to prepare by many years of effort—for the transition to communism. Not directly relying on enthusiasm, but aided by the enthusiasm engendered by the great revolution, and on the basis of personal interest, personal incentive and business principle, we must first set to work in this small-peasant country to build solid gangways to socialism by way of state capitalism. Otherwise we shall never get to communism; we shall never bring scores of millions of people to communism. That is what experience, the objective course of the development of the revolution, has taught us."¹

In view of the difficulties that soon followed upon the introduction of the free supply system, the Chinese leaders had to start moderating their ardour. The Central Committee's decision of December 1958, "On Some Matters Relating to the People's Communes", said: "Since we are devoted to the cause of communism, we must first devote ourselves to developing our productive forces and working energetically to fulfil our plan for socialist industrialisation. We should not groundlessly make declarations that the people's communes in the countryside will 'realise ownership by the whole people immediately', or even 'enter communism immediately', and so on. To do such things is not only an expres-

¹ V. I. Lenin, *Collected Works*, Vol. 33, p. 58.

sion of rashness, it will greatly lower the standards of communism in the minds of the people, distort the great ideal of communism and vulgarise it, strengthen the petty-bourgeois trend towards equalitarianism and adversely affect the development of socialist construction."¹ The decision made some additions to the distribution system, narrowing down the sphere of free supply: apart from free supply in the rural areas there should, it said, as a rule be from six to eight categories of wages, with the highest wage being four times the lowest wage or slightly more. At the same time, the gap was not to be too wide, because, it was believed, that would not be in line with the actual state of affairs in the countryside in the matter of labour-skill distinctions. The share of free supply soon dropped to no more than 50 per cent of the communes' consumption funds, and by 1961, to no more than 30 per cent of the farmers' total earnings.

But the difficulties in supplying the population with food and essentials continued to mount. Back in 1958, the Chinese leaders thought that over the following few years it would have been easy to supply the population with food and clothes free of charge, and did not even hesitate to call for a cut-back in the sown area so as "to cover our plains, hills and lakes with decorative plants, forming a bright colour scheme, to turn the vast expanses of this country into a blossoming garden".

Two or three years later, however, the food question became so strident that, having abandoned its earlier slogans, the Chinese leadership was now advocating the need to "stick in the needle wherever one sees a seam", which meant a movement for "seeding down to the utmost the small scattered lots around houses, villages and sowing areas proper, and along roads and river banks".²

In view of the growing food and goods shortage, the Chinese leaders had to introduce stiff rationing, although it was sometimes still impossible to provide the working people with the bare minimum of foodstuffs and consumer goods. Among the urgent measures to prevent mass starvation

¹ *Sixth Plenary Session of the Eighth Central Committee of the Communist Party of China*, p. 24.

² *Hung chi* Nos. 3-4, 1961.

throughout the country and cushion the goods deficit were the decisions of the Central Committee's Ninth Plenary Session in 1961 urging more attention to the development of agriculture and the production of consumer goods.

To stimulate agriculture in the "ordering" period, some adjustments were made in the communes' pay system. Personal holdings and household utensils were returned to the farmers, who were now allowed to raise pigs and poultry, and to market their surplus produce. Some steps were also taken to order the wage and bonus system in industry: output rates and wage incentives were restored at the enterprises. In December 1963, the State Council issued its new rules on rewards for scientific discoveries and technical inventions and innovations. While it insisted on the need to "devote serious attention to the fact that politics is the guide", it also urged "opposition to lop-sided emphasis on the awards of honorary titles and to neglect of material remuneration".¹ But in the following years, upon the start of the "cultural revolution" in particular, any attempt to use economic instruments in management was again subjected to fierce attack.

It is interesting to follow the gradual evolution of the Chinese leaders' view on the role of and correlation between moral and material incentives in the development of production. The Eighth National Congress of the CPC in 1956 pointed out that since the ultimate purpose of developing production was to "raise the standard of living of the people", it was necessary gradually to "raise the people's living standards in line with the growth of production. Only by so doing can we effectively stimulate the labour enthusiasm of the masses. Socialist emulation must bring out clearly this relationship between the growth of production and improvements in the livelihood of the people. The trade unions, through socialist emulation, should teach the mass of workers and employees to keep fully alive the fine working-class traditions of perseverance, industry and thrift, consistently reform and improve their techniques, and learn and master new techniques to raise

¹ *Jenmin jihpao*, December 2, 1963.

labour productivity. On the other hand we must pay attention to the smallest details in the life of the masses and make every effort to improve their living and working conditions."¹

During the "great leap forward", especially when the country ran into difficulties following the neglect of material incentives, the obvious exaggeration of the role of moral factors in the development of production was still being flavoured with cautious references to the need to show concern in improving the working people's life. Upon the start of the "cultural revolution", however, any attempts to raise workers' wages or add material stimuli to their work were described by the Maoists as instances of "economism" and "counter-revolutionary revisionism", incompatible with the interests of society and socialist revolution. *Jenmin jihpao* wrote in this context: "A modern enterprise should not rely upon material incentives, but only upon the power of political ideology."²

During the "cultural revolution", a "rationally low wage" system was again being substituted for the piece-rate and bonus system. Much was once again being made of the free supply system. Thus, in May 1967, Peking wall papers reported "Chairman Mao's latest instructions", saying that the "to each according to his work" slogan was a bourgeois one, while the free-rationing system was "in the Marxist style, and a condition for going over to the communist way of life". On the strength of Mao's instructions many wall papers wrote that "high salaries should be resolutely lowered" and that a system should be introduced "where free rationing and wages are combined on a fifty-fifty basis", insisting that transition to a communist distribution system comprised the following stages: "From low salaries to a fifty-fifty system of free rationing and wages, then to a full system of free rationing, and finally on to the communist distribution system."

Some periodicals carried reports about a proposed wage reform, providing first for the introduction of a "rationally

low wage" system for all grades of workers and employees, and then for a free supply rationing system. The reform was presented as a necessary condition for going over to the communist way of life. A campaign was launched throughout the country eulogising asceticism and curtailment of the people's vital needs. At the enterprises and state institutions much was being done in the way of "socialist training" and militarisation of collective life, with the main stress on universal egalitarianism at a continually primitive level of production and consumption. The principle of distribution according to work as well as material incentives were described as a "sugar-coated bomb", "black revisionist merchandise" and "a stab in the back for the proletarian revolution".¹

On the pretext of "subordinating short-term, personal interests to those of the long term", the Chinese leadership launched a heavy drive against the working people's rights. The workers and employees had their wages reduced through the abolition of various extras and bonuses for the over-fulfilment of production targets. The rationed supply of basic foodstuffs and consumer goods was still being maintained. A working adult was guaranteed an annual minimum of something like 180 kilograms of cereals (often replaced by sweet potatoes), no more than 2-2.5 kilograms of vegetable oil and sugar, meat—only on holidays, and from four to seven metres of cotton fabric. Children and non-working adults were entitled to receive half these norms. But even these low norms could not be met now and again, for in the chaos and confusion caused by the "cultural revolution" the country's foodstocks were simply being plundered. The press reported many instances when public stocks in the people's communes, seed stocks in particular, were being plundered, and also when peasants refused to "honour" their commitments before the state in the matter of food deliveries.

What with the acute shortage of consumer goods and foodstuffs and the serious economic upheavals, speculation spread and black markets appeared. Commercial prices, running to 150-350 per cent of the fixed prices, did not give

¹ *Eighth National Congress of the Communist Party of China*, Vol. II, p. 240.

² *Jenmin jihpao*, July 30, 1966.

¹ *Jenmin jihpao*, June 25, 1968; *Kwangming jihpao*, June 27, 1968.

the working people a chance to increase their personal consumption fund to any marked extent, but created the impression of "plentiful" supply.

In these grave conditions the slogan was being plugged of "striving for high targets in production, while maintaining a low level of consumption" and calls were being issued for a strict economy regime, some eight or ten yuan per person a month being declared adequate to ensure a fairly satisfactory living standard. The model experience was said to be that of Taching, which, among other things, had made a "voluntary renunciation of material incentives", the wages of the Taching oil workers being only from 30 to 50 per cent of the usual wage. The central press set up as a model those who had "steadily advanced towards a more revolutionary outlook".

The Maoists have proclaimed the way towards a "more revolutionary outlook" as the main way to solving all of China's problems, including the economic ones. That is why Chinese families living in great want are being offered little books of Mao's quotations instead of material assistance. On July 1, 1968, *Jenmin jihpao* wrote that the "revolutionary committees" in the Liaoning, Shenhsi and Shanhsi provinces had presented every family from among the poor peasants and the poorer sections of the middle peasants in these provinces with *Extracts from the Works of Chairman Mao* and *Three Popular Articles* by Mao Tse-tung.

The working masses put up resistance to the Maoist drive against their vital rights. A tide of strikes rolled across the country, the major industrial centres in particular, with the working people demanding higher wages and better living conditions. According to the Hongkong press, in early 1967 alone the strike movement involved 60 towns and more than seven million workers. Despite Maoist propaganda statements that the Chinese workers "have welcomed the wages cuts for the sake of loyalty to Mao Tse-tung thought", China's working class and peasantry have tried to assert their right to a better life, which they had won in a long and persistent struggle against imperialism, feudalism and national capitalism, a right of which the present Chinese leaders want to deprive them.

The working people's resistance and the pressing need for at least some token progress in agriculture and a more marked advance in industry have, nevertheless, forced the Chinese leaders to compromise on the practical matters of material incentives, although Chinese propaganda still persists in describing the latter as "black revisionist merchandise".

THE "SELF-RELIANCE" DOCTRINE

In the early 1960s, the Chinese leaders, having just failed in their attempts to tackle the country's major national economic problems by voluntarist methods, started fundamentally modifying their attitude to China's economic relations with the socialist countries.

The attempt to put the blame for the failure of the "great leap forward" and the people's communes on purely external factors led to slander against the Soviet Union and other socialist countries, to a running-down of the economic assistance, scientific and technical know-how, machinery and equipment China was receiving from them, and finally to an open fold-up of economic ties with countries refusing to support the CPC leaders' present line.

To give theoretical backing to its line for reducing its economic ties with the socialist countries and to justify it before the Chinese people and world opinion, the CPC leaders put forward their "self-reliance" doctrine. Here is an extract from an article, "On the Question of the Self-Reliance Line in Socialist Construction", carried by the *Chingchi yanchiu* magazine in its No. 7 for 1965: "In socialist construction, as in revolution, we must follow a steady and consistent line of reliance on our own strength.... Self-reliance is necessary for waging war and rehabilitating the country.... Starting precisely from Mao Tse-tung's idea about relying on one's own strength, the CPC Central Committee has defined self-reliance in socialist construction as the basic long-term line.... The line fully agrees with

the objective law of development, according to which internal factors are the decisive ones."

Since the "self-reliance" doctrine deals above all with the correlation between internal and external factors in socialist construction, let us take a closer look at this question.

With the adoption of the First Five-Year Plan for the development of China's national economy (1953-57), which was drawn up with the help of Soviet experts and which took into account the socialist countries' economic, scientific and technical assistance, it was already recognised beyond any doubt that China wanted a coherent industrial system that would enable the country itself to produce the more important types of equipment and raw materials so as largely to meet the requirements of extended reproduction, and also of technical reconstruction in every sphere of the national economy. The need stemmed from China's specific features, like her vast territory and population and her diverse national resources, which allowed for profitable development of the main sectors of production. China's abundant and varied natural resources, her great domestic market, and her remoteness in terms of transport from the main industrial centres of the Soviet Union and the European socialist countries—features in which China differed from most socialist countries—made it more advisable in economic terms to produce most types of goods inside the country, rather than import these from other socialist countries. Besides, these countries would simply be unable to provide for the constantly growing needs of one-quarter of the world's population.

But to build up a diversified economy, China had to engage in close economic cooperation with the socialist countries; constantly to bear in mind, especially in drawing up long-term plans, the international socialist division of labour; and to make rational use of specialisation and cooperation in production so as to utilise the country's natural and manpower resources to the best possible advantage. The question of whether to import a product or to make it at home was decided in the light of economic considerations.

The Chinese economist Tsen Wen-chin wrote: "The industrial system discussed above is comprehensive only in

a relative sense, that is, only in the main areas. In practice, we shall cooperate with the fraternal countries and shall not build any enterprises at all or shall build only a few to produce various goods required in relatively small quantities, or even goods required in large quantities, but the requirements in which cannot be met owing to limited resources or technical possibilities, and also goods exported by the fraternal countries in large quantities.¹

So, China's economic relations with the socialist countries were meant to help build up an industrial system that would satisfy China's requirements in the basic types of industrial products and also make the utmost of the country's possibilities.

The rehabilitation of the national economy ravaged by years of warfare put a great strain on the whole country and determined the need for stepped-up and massive imports of machinery, equipment, instruments and various raw and other materials. Since the capitalist countries had refused to sell China the main types of producer goods, the PRC had to draw on the world socialist market as the chief, and often the only source of such imports. In emphasising the important role of the Soviet Union and other socialist countries in the rapid rehabilitation of China's national economy, China's Minister of Foreign Trade, Yen Chi-chuang, said: "One important point to note is that the expansion of our trade with the Soviet Union and the People's Democracies has been of great assistance in the rehabilitation of our economy and the development of production.... Imports from the Soviet Union and the People's Democracies have helped us a great deal in our economic construction. At the same time, most of our exports of farm produce and output of auxiliary production have gone to these countries."²

As the country embarked upon large-scale planned economic construction to lay the basis of socialist industrialisation, there was a much greater need for machinery, equipment, industrial raw materials and so on, so that producer

¹ Tsen Wen-chin, "China's Socialist Industrialisation", *Jenmin chupanshe*, 1957, pp. 72-73.

² *Economic Successes of the People's Republic of China from 1949 to 1953*, Moscow, 1954, p. 216 (in Russian).

goods amounted to about 90 per cent of China's imports from the socialist countries.

In the first five-year period, machinery and equipment—the core of China's producer imports—amounted to 60 per cent of the overall cost of her imports. Among the other major imports from the socialist countries were ferrous and non-ferrous metals, oil and oil products, raw materials for the chemical industry, and also medical equipment, paper and sugar. According to the Chinese press, over that period the Soviet Union supplied China with about 3,000 metal-cutting lathes, more than 10,000 farm machines, 100 million yuan's worth of scientific equipment, and more than two million tons of ferrous metals.

While concentrating on producer goods, China also used the foreign socialist market to buy consumer goods the people's demand for which still could not be met by the Chinese economy itself. In 1956, for example, the country imported 370 million yuan's worth of goods to satisfy the people's material and cultural needs.

In return, China supplied the socialist countries with tea, tobacco, vegetable oils, oil seed, silk, bristles, casings, leather, feathers, sheep's wool, goats' down, meat, fruit, spices, and the like; and also with very important raw materials for the heavy industry: tungsten and molybdenum concentrates, iron ore, tin, mercury, sulphur, fluorspar, and so on. This quite agreed with the interests of China's export policy, whose main purpose was to help satisfy the population's needs by limiting the export of the more important foodstuffs (grain, vegetable oils, meat and meat products); by means of the utmost economies in domestic consumption to satisfy export requirements in secondary food products (eggs, fruit, fishery products, and so on); in every way to promote the export of China's traditional export items (tea, silk, tung oil, tobacco, and so on), products of the mining industry (tungsten, molybdenum, tin, antimony, iron ore, magnesite, fluorspar, and so on), animal products (bristles, casings, feathers, sheep's wool, goats' down, and so on) and arts and crafts products; and gradually to expand the export of manufactured goods.

In the first five-year period, China's export of grain amounted to no more than 1 per cent of the total harvest, and

of pork—from 3 to 4 per cent of the total number of pigs. At the same time, the export of secondary foodstuffs and traditional goods increased at a fairly rapid pace. Over the five-year period, the share of the output of the extractive and manufacturing industries in China's overall exports went up from 18 to 32 per cent, while that of the processed output of agriculture and the auxiliary trades, from 23 to 28 per cent—an indication of progressive tendencies in the development of China's exports.

Consequently, over a fairly long stretch of time China's foreign economic policy helped to promote the all-round development of the national economy. The Minister of Foreign Trade, Yen Chi-chuang, told the Second Session of the NPC in July 1955: "Our exports serve the interests of imports, while imports are made to serve the country's socialist industrialisation."¹ As for the latter, it was promoted to a particularly great extent by the socialist countries' deliveries of complete plant for the central projects of the heavy industry (engineering, metallurgical and chemical enterprises, power stations, mines and pits). Among other important deliveries was complete equipment for some enterprises in the light industry (large sugar refineries and paper mills). These deliveries of complete equipment, combined with comprehensive technical assistance from the supplier country, enabled China to build large industrial projects over short periods of time. By the end of the first five-year period, machinery and equipment amounted to about 50 per cent of China's imports from the Soviet Union alone, 77 per cent of that being complete sets of plant. The deliveries of complete equipment from the Soviet Union were designed to make the fullest use of the potential of China's own engineering: the complete sets were designed to include only those machines and mechanisms which China's industry was as yet unable to produce. At first, 80 per cent of the complete equipment installed at the new enterprises came from the Soviet Union, with only 20 per cent being made inside the country. But as national production increased, the proportion of Soviet equipment was gradually reduced, so that in 1957 China's own industry

already provided 50 per cent of the equipment needed to fit out the industrial projects being built with Soviet assistance.

Soviet equipment was installed at China's major metallurgical combines at Anshan, Wuhan and Paotow, 27 power stations—at Fengman, Taiyuan, Sian, and so on; 27 coal pits and concentrating mills—at Fusin, Hokang, Haichow, and so on; dozens of engineering plants, notably plants in heavy engineering, the car, tractor, oil and chemical industries, electrical and radio engineering, and the paper, pharmaceutical, light and food industries.

Under the 1953, 1954 and 1956 agreements between the USSR and the PRC, the Soviet Union was rendering China assistance in the construction of 211 enterprises. By the end of 1957, 67 large projects of these were started, including eight metallurgical plants, 28 engineering works, 15 power stations, six coal pits and concentrating mills, and four chemical plants. Other finished projects included China's first car factory at Changchung, plants producing measuring instruments and cutting tools, electrical measuring equipment, and aluminium alloys at Harbin, a pneumatic-tool and a machine-tool plant at Shenyang, an electric-lamp plant in Peking, power stations at Fusin and Chengchow, an aluminium combine at Fushun, many units of the Anshan metallurgical combine, and so on. According to the Chinese press, the enterprises built with Soviet assistance from 1953 to 1956 accounted for 30 to 90 per cent of the increase in productive capacity in the major industries, like the coal, power, iron and steel, copper, aluminium and machine-tool industries, and also from 28 to 77 per cent of the increase in the output of coal, electric power, steel, pig iron and machine tools. In 1957 alone, the enterprises built with Soviet assistance produced more than half the country's steel output and extracted about half its coal, while the power plants accounted for more than 15 per cent of the country's total capacity.

With the help of the European socialist countries, China built more than 100 industrial projects, 33 of which had been started by the end of the first five-year period.

Under a decision of the Soviet-Chinese Commission for Scientific and Technical Cooperation, the Soviet Union

¹ *Jenmin jihpao*, July 30, 1955.

handed over free of charge to Chinese organisations (as of August 1957) 751 designs for capital construction, more than 2,200 blueprints for the production of machinery and equipment, and 688 descriptions of technological processes. Among these were design documents and costing estimates for the construction of metallurgical and engineering plants, power stations, pits, concentrating mills, engine and freight-car building works, an oil refinery, a transformer plant, a glass works, and a plant of ferro-concrete structures. China's engineering used Soviet blueprints to organise the production of more than 200 types of machine tools, 1,400 types of generators, electric motors, transformers and switches, about 900 types of metallurgical, mining and general-engineering equipment, more than 100 types of motor cars, locomotives, ships, and so on. With Soviet assistance, China organised the production of 12,000-kw steam turbines and 16,000-kw hydraulic turbines; mining equipment with an annual capacity of up to 600,000 tons of coal, and also ships of up to 5,000 tons displacement, steam engines, freight and passenger railway cars, and so on. All these facts were reported by *Jenmin jihpao* on October 23, 1957. From 1954 to 1963, the Soviet Union handed over to China more than 24,000 sets of scientific and technical documents. More than 10,000 Soviet technical experts helped China to design and build various large modern enterprises.

Besides passing on its experience to China inside that country itself, the Soviet Union also trained Chinese citizens at its own educational establishments and gave them practical training at its best enterprises. Something like 10,000 engineers, technicians and skilled workers, and about 1,000 scientists were educated and given scientific and practical training in the Soviet Union. More than 11,000 Chinese students and post-graduates went to Soviet higher educational establishments. The Soviet Union's easy long-term credits totalling 1,816 million rubles were also of great importance for China's economic development.

In dealing with the Soviet Union's economic assistance to China in his report on the First Five-Year Plan, Deputy Premier of the State Council and Chairman of the State Planning Commission, Li Fu-chun, told the Second Session of the NPC in 1955: "The Soviet Union is giving systematic,

all-round assistance to our country's construction.... Designs provided by the Soviet Union make extensive use of the most up-to-date technical achievements, and all the equipment supplied to us by the Soviet Union is first rate and of the latest type. The great Soviet working class, which is helping us with the greatest enthusiasm, is making every effort to produce the best equipment for us as quickly as possible. The great Soviet Government also gives us first priority in supplies of the best equipment. The Soviet Government has also offered, on its own initiative, to give our country scientific, technical and industrial assistance in promoting research work in the use of atomic energy for peaceful purposes, and has also concluded an agreement with our country on the peaceful use of atomic energy.... The Soviet Union has sent large numbers of experts to our country to help us.... Tremendous efforts have been made by the Soviet Union to help our country train technical personnel.... The Soviet Union has extended a great deal of financial aid to our country."¹

In the first five-year period, the close economic cooperation and the selfless fraternal assistance of the Soviet Union and other socialist countries enabled China to build up various industries which, in view of her economic and technical backwardness, she would have found hard to build up alone even over a longer period. These included high-quality metallurgy, the aluminium industry, heavy and precision engineering, the car and tractor industry, power engineering, and the aircraft, radio and nuclear-power industries. The Soviet Union alone helped China to build and modernise the facilities which, to quote the CPC leaders themselves, were the backbone of China's industry. Among these were facilities for the production of 8.7 million tons of pig iron and 8.4 million tons of steel, 25-30 per cent of China's electric power, 80 per cent of its motor cars and tractors, 70 per cent of its tin, and so on.

In a short historical period, the backward and under-developed production structure of a semifeudal and semi-

¹ Li Fu-chun, "Report on the First Five-Year Plan for the Development of the National Economy of the People's Republic of China in 1953-1957", pp. 115-16.

colonial type was transformed into a diversified and independent economic system. And however important the role of social change, internal sources and the people's heroic effort in effecting this change-over, it is, nevertheless, hard to overestimate the importance of external sources, above all, the vast economic, financial and technical assistance of the Soviet Union and other socialist countries.

Let us point out that apart from the objective need to lay the basis for economic independence, the rate of advance towards an independent economy was also largely determined by the ideological factor, the desire to overcome, in the shortest possible period and in spite of everything, the country's economic dependence on other countries and its technical and economic backwardness. But under the influence of petty-bourgeois views and nationalist tendencies within the Chinese leadership, these very natural desires sometimes developed into hegemonistic aspirations.

As the country scored one success after another in building up a diversified and independent economy, successes that tended to become evident upon the starting of large modern enterprises in the new industries, and as the overall volume of industrial production was increased and the role of foreign economic ties when viewed against that background became smaller, the Chinese leaders' hegemonistic aspirations became the rule. In defining the role of foreign economic ties for the development of the Chinese economy, subjectivist tendencies gained the upper hand over objective ones. The role of economic cooperation and the socialist countries' assistance was increasingly depreciated and was eventually reduced to nothing.

The CPC CC's letter to the Central Committee of the CPSU dated June 14, 1963, officially set up in contrast to the international socialist division of labour the concept of "relying chiefly on one's own strength in construction", which meant that the Chinese leadership no longer regarded China's foreign economic ties with the socialist countries as a major instrument in accelerating the country's economic development and making social production more effective.

No one can object to the thesis of "building socialism relying chiefly on one's own strength" when it is taken in its true sense. Besides, there is nothing new about it. The

Soviet Union, for many years the only socialist country in a capitalist encirclement, had to rely in its construction solely on its own strength. Even now that there is a world socialist community, every country has been building the material and technical basis of its new society largely by mustering its domestic resources. The utmost use of each country's own potential is the indefeasible principle of international socialist division of labour. Economic cooperation merely helps to bring about a fuller, more successful and rational use of every individual country's own potential, and a harmonious blend between the interests of the national economy and those of strengthening and developing the world socialist system as a whole.

The Basic Principles of the International Socialist Division of Labour says: "The socialist countries believe that their internationalist duty is to channel their efforts into ensuring high rates of industrial and agricultural growth in every individual country.... Fulfilment of these tasks requires the utmost scope for the people's creative abilities and initiative in every socialist country, industrial development of all the socialist countries, an utmost increase in social labour productivity, steady technical progress, constant improvement of planned economic management, use of collective experience, and extension and strengthening of economic cooperation between the socialist countries. The highway leading to a further rise of the world socialist economy lies in combining the efforts to develop the national economy of each socialist country and the common effort to strengthen and extend economic cooperation and mutual assistance."¹

The Chinese leaders, however, give a different political and economic reading to the thesis of "relying chiefly on one's own strength". By narrowing down the problem of building up an independent economy to satisfaction of all the domestic requirements through national production, the Chinese leaders have turned the "self-reliance" idea into a harmful policy of autarky and a theoretically untenable policy of isolated and self-propelled development.

¹ *The Basic Principles of the International Socialist Division of Labour*, Moscow, 1964, p. 5 (in Russian).

The essence of the "self-reliance" doctrine has been spelt out by the Chinese economist Oyang Cheng, who has defined an "independent, integral, and modern national economic complex" as an "economic complex based on self-reliance. This complex supplied itself with most of the resources, equipment, raw materials and technical personnel it needs, instead of relying chiefly on foreign aid. This term implies possession of *everything without exception* [emphasis added. — E.K.], implies integrity."¹ Another Chinese economist, Lu Hsyun, adds: "One must develop all that is necessary and possible. One must *never* [emphasis supplied. — E.K.] rely on other countries...."²

The striving to possess "everything without exception" and "never to rely on other countries" rules out economic cooperation and gives a very hollow ring to the protestations about having no desire for autarky or isolation from the other socialist countries.

While applying the idea of an "independent and integral", but in fact closed, complex on a national scale, the Maoists have also extended it to individual sectors and even enterprises. "Self-reliance is the basic line followed by our state in socialist construction. It is necessary not only in state construction as a whole, but can be used anywhere. Every sector and every enterprise without exception should make use of the 'self-reliance' line, which is the only way they can achieve important successes in their activity."³

Even as the people's communes were being set up, there was an attempt to combine the various productive functions in a single social cell or even in an individual producer. For that purpose, each commune complex was to combine industry, farming, trade, education and military affairs. Besides organising production, the commune was also to determine the entire daily round of life. It was to integrate the local organs of state power in villages with its own administrative body, while its every member had to be simultaneously "farmer, worker, soldier, trader and student".

The CC CPC decision "On Some Matters Relating to the People's Communes", adopted in December 1958, said:

¹ *Takung pao*, June 27, 1962.

² *Chingchi yanchin* No. 7, 1965.

³ *Ibid.*

"Whether in industry or agriculture, people's communes should develop production for their own use which directly meets their own needs, and they should also develop commodity production on as wide a scale as possible. Every people's commune according to its own characteristics and under the guidance of the state should carry out necessary division of labour in production and exchange of commodities with other people's communes and state-owned enterprises."¹

But these instructions were in obvious contradiction with the statement, contained in the same document, that every people's commune should develop "according to plan, the production of fertilisers, insecticides, farm implements and machinery and building materials; the processing and many-sided utilisation of agricultural produce; the manufacturing of sugar, textiles and paper; the expansion of mining, metallurgy, electric power and other light and heavy industries". That is what engaging in industry, only one of the rural communes' numerous responsibilities, was said to mean. Any links between individual units were thus reduced to a minimum, and the role of commodity-money relations was deliberately played down. Universalisation of production was in fact substituted for the earlier line towards specialisation on the basis of a diversified economy. In 1958, for example, one of the model people's communes, the Weihsing Commune (Hsuiiping Region, Honan Province), had 1,142 enterprises producing a wide range of goods, like agricultural implements, fire bricks, cement, lime, fertilisers, paper, earthenware, pottery, clothes, vegetable oil and wine. These enterprises employed 7,000 men. Another 3,000 or so were engaged in mining iron ore. In 1959, the commune was to produce its first tractor.

During the "great leap forward" it was not only the village, but also the town that was universalised in that way. The Minister of Finance, Li Hsien-nien, told a national rally of representatives of front-ranking collectives and workers in 1959: "In view of the existing situation, further steady implementation of the CC line that 'self-sufficiency is the

¹ *Sixth Plenary Session of the Eighth Central Committee of the Communist Party of China*, p. 29.

main thing, and aid from outside—an auxiliary' must be achieved in every town." What with the considerable economic difficulties, the frequent interruptions in the supply of raw and other materials, fuel and completing goods, caused by the "great leap forward" policy, the slogan of "advancing production through one's own efforts" became widely current on the pretext of implementing the line for a diversified economy. The new line variously encouraged the formation of self-sufficient units not only within the framework of every large economic area, but also provinces, regions, cities and even individual enterprises.

In reporting that many enterprises, capital-construction agencies, transport, trading and grain-purchasing establishments, and the like, were diversifying, *Jenmin jihpao* of October 8, 1960, defined a diversified complex in the following words: "A diversified economic unit includes the production of ferrous and non-ferrous metals, chemical raw materials, cement, bricks and other building materials, appliances, tools, equipment and auxiliary materials, and also essentials and secondary foodstuffs." In 1960, of the 2,900 enterprises in the Heilungkiang Province more than 2,100 were reported to have begun diversifying. They set up 13,945 production units, that is, an average of 6 per enterprise, with many enterprises having tens or even hundreds of small factories, plants or workshops. Thus, the Hokang coal administration had more than 10 lines of production, notably, coal mining and concentration, pit and coal-face railway lines, steel and pig iron smelting, output of mining equipment and building materials, complex use of coal and timber, and production of essentials and secondary foodstuffs. The Harbin flax combine, apart from producing linen in its main shops, also had 41 other production units, putting out ferrous metals, machinery and chemical raw materials, and made complex use of textile waste by producing auxiliary and packaging materials, furniture, building materials, overalls, and so on.

The large Changchun automobile plant and the Loyang tractor works also had "production systems" of this kind. Enterprises that had once produced nothing but cars were now also producing all the parts and components they needed, including bearings, electric motors and diesel engines.

The Harbin Bearing Plant, which had once depended on other enterprises for its supply of special instruments and grinding wheels, was now said to be making these itself and in 1959 was already able to satisfy its own needs. It also produced building materials, chemicals, machinery and electrical equipment, and engaged in crop growing, forestry and cattle breeding. In 1960, one of the country's largest metallurgical plants at Shichingshan on its own produced more than 40 types of building materials, which were necessary for its further enlargement, made some equipment for the production of slag concrete, and built two small cement factories, three kilns, and new shops for the production of plastics and ventilating pipes. A plant's production of completing parts or products that had no technological connection with the main line of production, while enabling the plant to fulfil some of its own requirements, did much more to hamper production in the basic line, lowering both quantity and quality.

The self-sufficiency system at the enterprises, which meant that specialisation in production and interregional cooperation were in effect renounced, and which was due to the economic difficulties, was made out to be a "theoretical discovery" in the methods of socialist economic construction and was contrasted with the "metaphysical" or "conservative" idea of specialisation, which was said "not to agree with the tendency of modern production".

As fresh difficulties appeared, especially upon the start of the "cultural revolution", the idea of "self-sufficiency" for every productive unit was taken up with renewed vigour. The Taching oil fields and the Dachai producer brigade were set up as practical examples of the model of Chinese society, as associations of producer cells with a subsistence, self-sufficient economy resting on a primitive technical basis. Their practice provided for a combination of industrial and agricultural labour, involvement in labour activity of members of the workers' families to have them satisfy their own requirements in food, consumer goods, housing and so on, and organisation of labour on the "both worker and peasant" principle. The Dachai and Taching experience showed that every enterprise was to become a closed unit relying solely on itself and its own potential, and "remain-

ing self-sufficient" while yielding the highest possible returns to the state.

Under the impact of the "preparation for war" and the consequent further curtailment of centralised financing of civilian industrial enterprises, there was a categorical formulation of the task of "self-reliance" within the framework of individual production units: each unit must provide itself not only with food and essentials, but also with raw and other materials and even equipment and spare parts. This round of universalisation was similar to that of the "great leap forward", which the Chinese leadership had to some extent renounced in the years following the leap.

On the national scale, the "self-reliance" formula means building up self-sufficient national economies, which would at best restrict their economic ties with other countries to trade in "surpluses". Indeed, if every country is to have "everything without exception" for the need of extended reproduction, any exchange will be superfluous. In specifying the stand on this question in the course of the polemics, the authors of the "self-reliance" concept found a loophole, saying that the socialist countries should not produce everything they needed but only that which the country could possibly produce.

But the authors of the "self-reliance" concept tended to exaggerate the country's ability to develop the various lines of production. Besides, their conclusions on that point are often nothing but talk, for in their economic practice the CPC leaders pay no heed at all to any kind of "conditions".

Chinese economic writers determine whether the country's conditions are suitable for the establishment of a line of production on the strength of the latter's role in the national economy in general rather than the country's concrete natural and historical specifics, economic level, availability of the necessary productive capacity, technical personnel, know-how and so on. The reason is that efficiency, profitability, profit and other similar concepts are being criticised as "belongings of the bourgeois world". Thus, an article entitled "On the Self-Reliance Line in Socialist Construction" carried by *Chingchi yanchin* (No. 7, 1965),

pointed out that in its approach to the question of whether it pays or does not pay to develop a sector of production the socialist state should above all be guided by political considerations. This aspect, viewed in the light of prime costs, prices and profits, was said to be an approach that was "vulgar and bourgeois and therefore erroneous and harmful".

Indeed, the Chinese leadership cannot be reproached for paying the slightest attention to things like prime costs, prices, profits and economic efficiency.

The basic ingredient of the "self-reliance" line, used to justify the unwarranted extension of the industrial product mix over the past few years, was formulated as follows: "The range of the product mix in the major lines of production is the decisive factor in building up an independent, integral and modern national economic complex."¹ From 1957 to 1962, the product mix in the output of steel, rolled metal and non-ferrous metals more than doubled, while in engineering it was up 2.5 times; in 1963, the extension of the industrial product mix was the biggest in the PRC's history. The widening of the range of industrial goods without a corresponding and faster growth in output cuts across the tendencies of modern production, for it leads to production in smaller batches, in single units, or frequently even on a pilot scale. It also tends to disrupt the normal working cycle at the enterprises, worsens their economic performance, drains the sources of accumulation, and slackens the pace of extended reproduction. On the other hand, this is much too wasteful a way for China, considering that many similar types of products could have been imported from the socialist countries on fairly advantageous terms.

The authors of the "self-reliance" line see its concrete expression in China's increased ability to satisfy her own needs in some types of industrial products, and in the advance of science and technology, which has enabled China to carry out on her own a number of research and development projects. The communiqué issued by the Fourth Session of the Second NPC said: "The increase in the possibilities for self-reliant development has been expressed in concentrat-

¹ *Jenmin jihpao*, December 4, 1963.

ed form in the fact that many important projects are already being built on a full self-reliance basis."¹

The first stage of the Wuhsien chemical-fertiliser plant near Shanghai with an annual capacity of 100,000 tons of ammonium sulphate epitomised the several enterprises built "on a self-reliance basis". Since the bulk of the 300 types of equipment and more than 1,000 instruments that the plant needed had up to then not been produced in China, hardly any of the 100 enterprises that were to produce them had any suitable, to say nothing of specialised, equipment. To achieve the rated precision in the treatment of high-pressure valves, one plant had to dismantle and then to reassemble its entire equipment. To make the piston and cylinder for a high-pressure compressor, large traditional-type machine tools had to be specially made at another plant.² Ever since the "great leap forward", Chinese engineering had been plagued by disruptions in the normal working cycle at the factories, switchings from one line of production to another, and an increase in immobilised capital invested in equipment, with the "self-reliance" drive giving a fresh fillip to the squandering of means and resources.

Up to then, China had been importing complete equipment for her nitrogen-fertiliser plants from the socialist countries, which have a well-established production and a solid store of experience in this line. It does not take much arithmetic to realise that foreign trade is effective and that it is absurd not to make use of documents and know-how provided at well below actual cost, and to waste time and resources in tackling technical problems that have long been solved.

The "self-reliance" concept makes a principle of unwarranted duplication in science and technology, which means sheer waste of effort and resources through dissipation and lack of coordination between the socialist countries in that area. The concept virtually leaves no room for scientific and technical cooperation with the socialist countries.

The Statement issued by the Meeting of Communist and Workers' Parties, held in Moscow in November 1960, said:

¹ *Jenmin jihpao*, December 4, 1963.

² *Takung pao*, January 9, 1964.

"Being guided by the principles of complete equality, mutual advantage and comradely mutual assistance, the socialist states have been improving their all-round economic, political and cultural cooperation, which is in the interests of every individual socialist country and the socialist camp as a whole.

"...Socialism brings about an organic blend of the development of the national economy, culture and statehood with the strengthening and development of the world socialist system, with ever closer solidarity between the nations. The interests of the socialist system as a whole are in harmony with those of every nation." But the PRC leaders, who had also signed the Statement, were soon taking a very different view of the role and nature of the relations between the socialist countries.

Having come out against the socialist countries with their international socialist division of labour, the authors of the "self-reliance" line went on to revise, from the standpoint of petty-bourgeois nationalism, the Marxist-Leninist propositions on the essentially new nature of relations between the socialist states, alleging the international division of labour under socialism to be a cover for the continued economic exploitation and political enslavement of the peoples. Ignoring the well-known facts, they sought to prove that under socialism some countries "follow in the wake of the capitalist countries in their relations with the others, seek to gain their own advantage by harming others, prevent the economically weaker countries from developing an independent national economy, force these countries into a state of economic dependence, and establish political control over them",¹ and that "economic mutual assistance" is being used to prevent the fraternal states from independent and sovereign economic development, to turn other states into raw material sources and commodity markets, and to reduce their economy to the status of economic appendages".²

Let us here recall that, far from hindering the PRC in her development, the socialist countries in effect gave her all-round assistance in building up a healthy national

¹ *Jenmin jihpao*, September 19, 1963.

² *Chingchi yanchin* No. 1, 1965.

economic complex. Besides the evidence of the facts given above, there are statements to that effect made by the Chinese Party and Government leaders themselves.

In 1957, Mao Tse-tung wrote: "Let us consider who designed and equipped so many important factories for us. Was it the United States? or Britain? No, neither of them. Only the Soviet Union was willing to do so because it is a socialist country and our ally. In addition to the Soviet Union, some brother countries of Eastern Europe also gave us assistance. It is perfectly true that we should learn from the good experience of all countries, socialist or capitalist, but the main thing is still to learn from the Soviet Union."

"Now, there are two different attitudes in learning from others. One is a doctrinaire attitude: transplanting everything, whether suited or not to the conditions of our country. This is not a good attitude. Another attitude is to use our heads and learn those things which suit conditions in our country, that is, to absorb whatever experience is useful to us. This is the attitude we should adopt."

"To strengthen our solidarity with the Soviet Union, to strengthen our solidarity with all socialist countries—this is our fundamental policy, herein lies our basic interest."

At the 8th National Congress of the CPC, Chou En-lai said: "In the period of rehabilitation of our national economy and in the period of carrying out the First Five-Year Plan for Development of the National Economy, we have received enormous all-round and sincere aid from the Soviet Union as well as important aid from other fraternal countries. This aid has enabled us to tide over many difficulties and made it possible for our cause of socialist construction to force ahead at a fairly high speed. In the Second Five-Year Plan period, the Soviet Union and the People's Democracies will continue to give us large-scale, fraternal help.... In the past, we have benefited very much by learning from the advanced experience of the Soviet Union and the People's Democracies in construction and in spheres of science and

¹ Mao Tse-tung, "On the Correct Handling of Contradictions Among the People". Supplement to *People's China* No. 13, July 1, 1957, pp. 26-27.

technology. In future, we will go on earnestly learning from them."¹

In 1961, member of the CPC Politburo and Foreign Minister Chen Yi said: "Over the past 11 years, the Soviet Union has given this country vast amounts of aid in various forms, which has played a great and important role in strengthening the victory of our revolution, rehabilitating our national economy, and laying the foundation for a socialist industry in this country. This aid has been an embodiment of the Soviet Union's friendship for the Chinese people and also of the great spirit of proletarian internationalism permeating the Communist Party of the Soviet Union."²

Until recently, such was the Chinese leaders' assessment of economic cooperation with the Soviet Union and other socialist countries. Still, from the early 1960s, the PRC has been rapidly winding down its economic links with the socialist countries, the CMEA countries in particular. In just three years (1960-62), the PRC was responsible for the fact that the volume of Sino-Soviet trade dropped by nearly two-thirds, while the delivery of Soviet complete equipment was down to 2.5 per cent of the original figure. In spite of the numerous agreements, China was steadily backing out of her trade and economic cooperation with the CMEA countries. By 1969, her trade with the socialist countries had dropped to about 37 per cent of the 1960 figure.

Over the past few years, the PRC has unilaterally renounced many long-term economic agreements and contracts with the socialist countries. The break-up of the existing trade links, for which China was to blame, did much harm to a number of socialist countries. The Soviet Union had to look for a market for the machinery and equipment made on China's orders, but later rejected. China also made drastic cuts in her delivery to the USSR of tin, mercury, tungsten and molybdenum concentrates, and altogether stopped deliveries of things like tantalum-and-niobium concentrates and piezo-quartz. At the same time, China began supplying these strategic raw materials to the impe-

¹ *Eighth National Congress of the Communist Party of China*, Vol. I, p. 325.

² *Jenmin jihpao*, February 10, 1961.

rialist countries. In 1961, China refused to take delivery of four ships she had ordered in Poland, although the Polish agencies proposed an easy credit. However, in 1960, China had spent hard currency on ten similar-type ships purchased from capitalist countries. Chinese foreign trade agencies refused to accept Czechoslovak equipment specially made for Chinese enterprises. The GDR's economy was also affected by the cut-back in trade with China.

The overall drop in Chinese foreign trade in the early 1960s was doubtless an inevitable consequence of the difficulties caused by the failure of the "great leap forward" and the people's communes' experiments. The sharp decline in the quality of goods and the virtual elimination of the auxiliary and handicraft industries whose output had been in great demand on the world market, undermined the economic basis of Chinese export. Curtailed production in the mining industries reduced the export possibilities in traditional goods like non-ferrous metals and their concentrates.

The slump in farming, which was providing more than 70 per cent of the country's export, had the worst effect on exports. The food problem was such that, apart from having to reduce her exports, China had to import 5 or 6 million tons of grain a year. In 1960, foodstuffs amounted to only 3.5 per cent of China's imports, whereas in 1964 the figure was 40 per cent, and in 1965—something like 26 per cent. At the same time, in view of the winding down of capital construction in industry from 1961 to 1965, the import of machinery, equipment and other means of production also plummeted. Thus, in 1960, machinery and equipment amounted to 63 per cent of China's import from the socialist countries, and in 1965—to only 28 per cent. In 1965, machinery and equipment imports from the socialist countries were only 19.2 per cent of the 1960 figure, while the import of complete equipment was down to a mere 0.91 per cent; there was also a drop in the import of oil, oil products, rolled steel, piping, some non-ferrous metals, and so on.

In view of the difficulties facing the Chinese economy following the failure of the "great leap forward" and the people's communes, the socialist countries offered to provide China

with many goods on yet more favourable terms, like deferred payment plans or long-term interest-free credits, and also offered to release China from her commitments in the export of foodstuffs. However, the Chinese refused these offers.

The Chinese leaders' line of reducing economic ties with the socialist countries, while being harmful for the socialist community as a whole, has been especially damaging for the Chinese economy itself. Having developed for many years in close contact with the economies of other socialist countries, the Chinese economy had in a sense been adjusted to the economic ties with these countries. Thus, the most economical way to obtain spare parts for Chinese cars and repairs for Chinese industrial equipment was to go on developing the existing economic ties. Chinese oil refineries are fitted out with equipment adapted to the refining of imported Soviet, as well as Chinese, oil, and are bound to find it hard to go over to other grades of oil, say, oil from the Sahara.

The bonds between the modern sectors of production in the socialist countries, arising through international economic cooperation, reflect the progressive process of the productive forces' outgrowing the national framework. These bonds have nothing to do with economic dependence, which falls into the sphere of relations of production. The socialist countries' economic and political independence does not mean that a country's national economy can do without any links and contacts with the economic complexes of other socialist countries, but rather that it is free to determine the forms and methods of socialist construction and to choose the manner of its participation in the international socialist division of labour, which agrees with its economic interests.¹

There is no doubt at all that many of China's current economic difficulties are due to the disruption of its produc-

¹ A trade and payments agreement between the USSR and the PRC, signed in November 1970, is in the interests of the two countries. Under the agreement the USSR is to supply the PRC with metal-cutting lathes, cars, aircraft, spare parts, ferrous and non-ferrous metals, and other goods. The PRC is to supply the USSR with tungsten concentrate, mercury, fluorspar, knitwear, garments, fruit and other goods.

tion links with other states. Since China has yet to build up an advanced national economic complex and to start producing various lines of goods for the achievement of the necessary production, the "self-reliance" line cannot be put into practice in a consistent manner. The official Chinese figures for the degree of self-sufficiency in machinery and equipment (85 per cent for the second five-year period) and rolled metals (90 per cent), and also the statement that China is fully able to satisfy its own requirements in oil and oil products have to be taken with more than a grain of salt, for, on the one hand, they are based solely on the correlation between imports and domestic output (the figures for the latter often having an upward bias), and on the other, proceed from the country's minimum requirements.

That is why, though winding down its cooperation with the socialist countries, the Chinese leadership has at the same time sought to extend its economic ties with the capitalist world. In 1959, capitalist countries accounted for less than one-third of China's foreign trade, whereas in 1963 the figure was up to more than one-half, and in 1966—to three-quarters. When China was going through the hard patch of 1960-1962, its trade with the capitalist countries remained stable. From 1961 to 1966, its overall trade with the socialist countries dropped by 54.5 per cent, and that with the capitalist countries went up by 150 per cent, so that in 1966 the latter was 50 per cent over and above the former. The increase was particularly rapid in China's trade with Japan, the FRG, Italy, France and Britain. In 1966, for example, its trade with Japan was 27 times the 1960 figure, and in 1965 alone its trade with the FRG more than doubled, going up by another 40 per cent in 1966.

China's economic relations with the capitalist countries have gone beyond the framework of pure trade, to scientific and technical cooperation, credits and technical assistance to China, and help in the training of personnel. The exchange of students and scientific workers between the PRC and the capitalist countries has markedly increased.

In extending their trade and economic links with China, the capitalist states also have a political axe to grind: they hope to drive a wedge between the PRC and the other soci-

alist countries. Thus, the "self-reliance" policy has its sharpest edge directed against cooperation with fraternal socialist countries.

It is a mistake to think, however, that China can benefit more from its economic links with the capitalist world than from cooperation with the socialist countries. China's export resources and foreign exchange reserves are the main problem in its trade with the capitalist countries. About half its freely convertible currency comes from Hong Kong, and it gets the rest from the capitalist countries chiefly by exporting scarce mineral and agricultural raw materials, since the main Chinese export items, products of the light industry in particular, which the socialist countries used to buy on a large scale, are of little use to the advanced capitalist countries. Moreover, high tariff barriers have prevented China from increasing its export to many West European countries, so that it has had to market its goods in South-East Asia and Africa, which means competing with the advanced capitalist countries. Rough estimates show that only half the Chinese goods once exported to the Soviet Union can be sold in the hard-currency markets.

Price stability is another important advantage of the socialist markets. Foreign Trade Minister, Yeh Chi-chuang said in 1957: "The principle of price-formation in this country's trade with the fraternal countries is now as follows: prices are determined through inter-governmental talks, with account being taken of the price level in the world capitalist market. Over a definite stretch of time, these prices ... remain constant, stable, and not subject to the influence of the constantly fluctuating prices in the world capitalist market."¹ He also emphasised that in the years of its commercial dealings with the USSR, China had not suffered any losses: prices here had been fair. The report to the Second Session of the NPC in 1955 pointed out in a similar context that the Soviet Government was providing China with technical equipment and materials at low prices, and that the advantages of trade with the Soviet Union had always helped to speed up the rehabilitation and

¹ *Jenmin jihpao*, July 13, 1957.

development of the PRC's national economy, industrial construction in particular.

China's status in the capitalist market is quite different. When China emerged on that market as a major supplier of antimony, bristles and other raw materials, prices for these goods went down, whereas the suppliers of goods which China wants to buy in considerable quantities have tended to raise prices. A rough estimate shows that in 1965 China sustained a \$100 million loss as a result of export prices being lowered and import prices increased as compared with world or competitors' prices.

China has also found the capitalist countries' terms of credit to be less advantageous. The socialist community used to grant China credits for periods of up to 10 years and at an annual interest rate of no more than 2 per cent, whereas capitalist credits are allowed for shorter periods and at 6 per cent or more.

It does not take much to realise that there is absolutely no economic reason behind the CPC leadership's policy aimed to curtail China's economic links with the socialist countries. A CPC leader once said: "Over the next few years, the People's Republic of China will develop its economic relations only with the socialist countries that support the Chinese ideological concept."¹ Acting upon this political credo, China's foreign trade agencies take a differentiated approach to the various socialist countries, seeking to range them against one another, to sow mistrust and hostility to the Soviet Union, and to split the socialist camp.

The CPC leaders' attempt to break up the united front of the communist movement, and to destroy the socialist countries, unity and solidarity for their own selfish ends is the chief motive behind the "self-reliance" line, which has its roots deep in the soil of nationalism, and "one who has adopted the standpoint of nationalism naturally arrives at the desire to erect a Chinese Wall around his nationality, his national working-class movement; he is unembarrassed even by the fact that it would mean building separate walls in each city, in each little town and village, unembarrassed

¹ *Pravda*, July 24, 1963.

even by the fact that by his tactics of division and dismemberment *he is reducing to nil* the great call for the rallying and unity of the proletarians of all nations, all races and all languages".¹

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An analysis of the various "latest" economic concepts prevailing in China shows that these spring from a distortion of the basic principles of scientific communism and are meant to justify the Chinese leaders' line.

Having failed to see the essence of the basic ideas of Marxism-Leninism, Chinese ideologists have for many years been trying to confine economic thinking to "Mao Tse-tung thought".

The highly vague and primitive theoretical formulas of Maoism implemented in a concrete economic and political line have for many years played havoc with China's economy, making Chinese ideologists swing from one extreme to the other. Of course, the Chinese leaders have not always had a consensus on the ways and means of socialist construction in China. When the country was being saddled with the policy of the "great leap forward" and the people's communes, some forces in the CPC were already seeking to expose the economic nonsense of the new plans. Various Party documents admitted that there was opposition to the great-power economic policy line, the opponents being described as "Right-opportunist elements". By resorting to various tricks and repressions, the Maoists succeeded in doing away with their opponents in the leadership and the localities.

Only after the economy had slid into a state of crisis as a result of the "great leap forward" and the people's communes, and the resistance to the Maoist line had in consequence increased, that the advocates of voluntarist methods in economic construction had to tread softly for a while. And when, having been reassured by some improvement in the state of economic affairs in 1964 and 1965, they again gave voice, a number of sober-minded economists took an open stand for a scientifically based economic policy and

¹ V. I. Lenin, *Collected Works*, Vol. 6, pp. 520-21.

against any ventures that disorganised the economy and led to its decline. However, many of them were purged during the "cultural revolution".

But it was the Chinese people that was the chief victim of the economic and political voluntarism of the past few years. The policy of the "great leap forward" and the people's communes, which hurled China's economy several years back, did the working people much harm. But just as they were recovering from the lame policy of the "great leap forward", they were plunged into the "cultural revolution". Cutting short the "ordering" process of rehabilitation and further development of the national economy, the "cultural revolution" once again put off the prospect of China's return to planned and progressive development, and incidentally, the prospect of a better life for the Chinese people.

The "cultural revolution" pressed down industrial production, drained the country's export resources and paralysed the work of transport for a long time. Food supplies for the population worsened in view of the difficulties in the purchase and laying-in of farm produce. The long break in studies at the higher educational establishments deprived the national economy of badly needed hundreds of thousands of engineers, technicians, doctors and teachers. The CPC leadership's economic policy was a brake on China's development, slackening the pace of the country's movement out of its economic and cultural backwardness.

The record of events in China shows, on the one hand, that the Maoist platform is untenable, and on the other, that the Maoist "ideas" will not help the Chinese leaders to achieve their great-power goals.

The difficulties facing the Chinese leaders upon "the victory of the cultural revolution" were so numerous and formidable that many of the recent extremist attitudes had to be abandoned straight off. The objective requirements of the Republic's development have forced the Maoists to modify their domestic and foreign policies. Maoism has sought to be more flexible and constructive than it was during the "cultural revolution" or the "great leap forward". While strictly keeping to their nationalist line, the Maoists have been changing the forms and methods of its implementation.

There is an ever more evident desire to follow, at least to some extent, the objective regularities and scientifically grounded rules of economic policy. In this context, Chinese society has been very noticeably depoliticised. Although the "politics is the guide" line continues to prevail, the Maoists have been making increasingly frequent statements about the need to combine political and economic work. There is an ever more pronounced emphasis on the questions of increasing the role of experts and old regular workers at the enterprises, and of improving accounting and the system of rules and regulations at the enterprises. The press has begun to criticise those who "do not dare to take up production in earnest, but prefer to go in for political work". In view of these constructive adjustments, the Chinese leadership has had to clear some of the state officials and party men "re-educated" in the "May 7 schools".

Whereas during the "cultural revolution" and after its "victory", the decisive role in the country's life was assigned to the army, the latest accent is on the thesis that "the Party must be in command of the rifle". This shift of accent, however, merely reflects the conflict between the military and the civilian powers, especially at the very top. It is hard to believe that there is any real meaning in the Chinese propaganda appeals to "strengthen the dictatorship of the proletariat" by "increasing the leading role of the working class (through the Communist Party)". The present regime continues to rely on the army, whereas the working class—a major target of the blow dealt by the "great proletarian cultural revolution"—has yet to recover. But, of course, if one bears in mind that "Party leadership in China is the leadership of Mao Tse-tung and his proletarian revolutionary line", one will realise that dictatorship of the proletariat in China is tantamount to the "dictatorship of the leader".

The latest period has also been marked by an attempt to soften the attitude to material incentives, and a desire to contrast the "bourgeois principle of material incentives" and "the socialist principles of distribution according to work and for the purpose of encouragement". The Chinese press has been making more and more statements to the effect that there is need to fight against "egalitarianism"

and "carry out the principle of distribution according to work" so as to "intensify the masses' labour activity".

The requirements of economic development have forced the Chinese leadership to devote more attention to the problems of a comprehensive balancing out of the national economy. The questions of "determining the correct correlation between agriculture, light industry and heavy industry" are being fairly frequently discussed at various levels. But as no current or five-year plans have been published, it is hard to judge about the state of affairs in each of the three sectors.

Having realised that the "self-reliance" line is impracticable, the Chinese leadership has also markedly changed its tactics in the world arena. The "self-reliance" doctrine is being increasingly confined to internal economic complexes or individual production units. As for the international aspect of that doctrine, the Chinese leadership has gradually had to leave that out of its practical activity. In seeking to make up for the country's scientific and technical inadequacies without, however, extending to any marked degree the links in that area with the socialist countries, the Maoists have been widening their contacts with the capitalist countries, and have made no secret of their intention to continue looking to the imperialists of the USA, Japan and Western Europe for most of their scientific and technical experience and technological know-how for an accelerated build-up of the country's military-industrial potential.

The Chinese leaders have also markedly altered their tactics in respect of the socialist countries, going over from "frontal attack" to "flirtation", and from "economic sanctions" to "economic encouragement", differentiating their approach country by country, seeking to drive a wedge between the socialist countries and to split the world socialist community.

The recent changes in the PRC's domestic and foreign policies are clearly no more than expedients and have been caused by the failures of the old policy. While keeping to their voluntarist and nationalist course, the Chinese leaders have been turning and twisting in an effort to achieve their old goals and improve their impaired standing with the aid of new and more subtle ways and doctrines.

But the feverishness in Maoist economic theory and practice over more than a decade cannot be justified by any "ultra-Leftist" talk about the "need for uninterrupted advance" and "the need for the revolution to develop, without losing a single moment, from one stage to the next, and from one victory to another". All of this puts one in mind of the very apt description of revisionism given by Lenin in his *Marxism and Revisionism*: "A natural complement to the economic and political tendencies of revisionism was its attitude to the ultimate aim of the socialist movement. 'The movement is everything, the ultimate aim is nothing'—this catch-phrase of Bernstein's expresses the substance of revisionism better than many long disquisitions. To determine its conduct from case to case, to adapt itself to the events of the day and to the chopping and changing of petty politics, to forget the primary interests of the proletariat and the basic features of the whole capitalist system, of all capitalist evolution, to sacrifice these primary interests for the real or assumed advantages of the moment—such is the policy of revisionism. And it patently follows from the very nature of this policy that it may assume an infinite variety of forms, and that every more or less 'new' question, every more or less unexpected and unforeseen turn of events, even though it change the basic line of development only to an insignificant degree and only for the briefest period, will always inevitably give rise to one variety of revisionism or another."¹

¹ V. I. Lenin, *Collected Works*, Vol. 15, pp. 37-38.